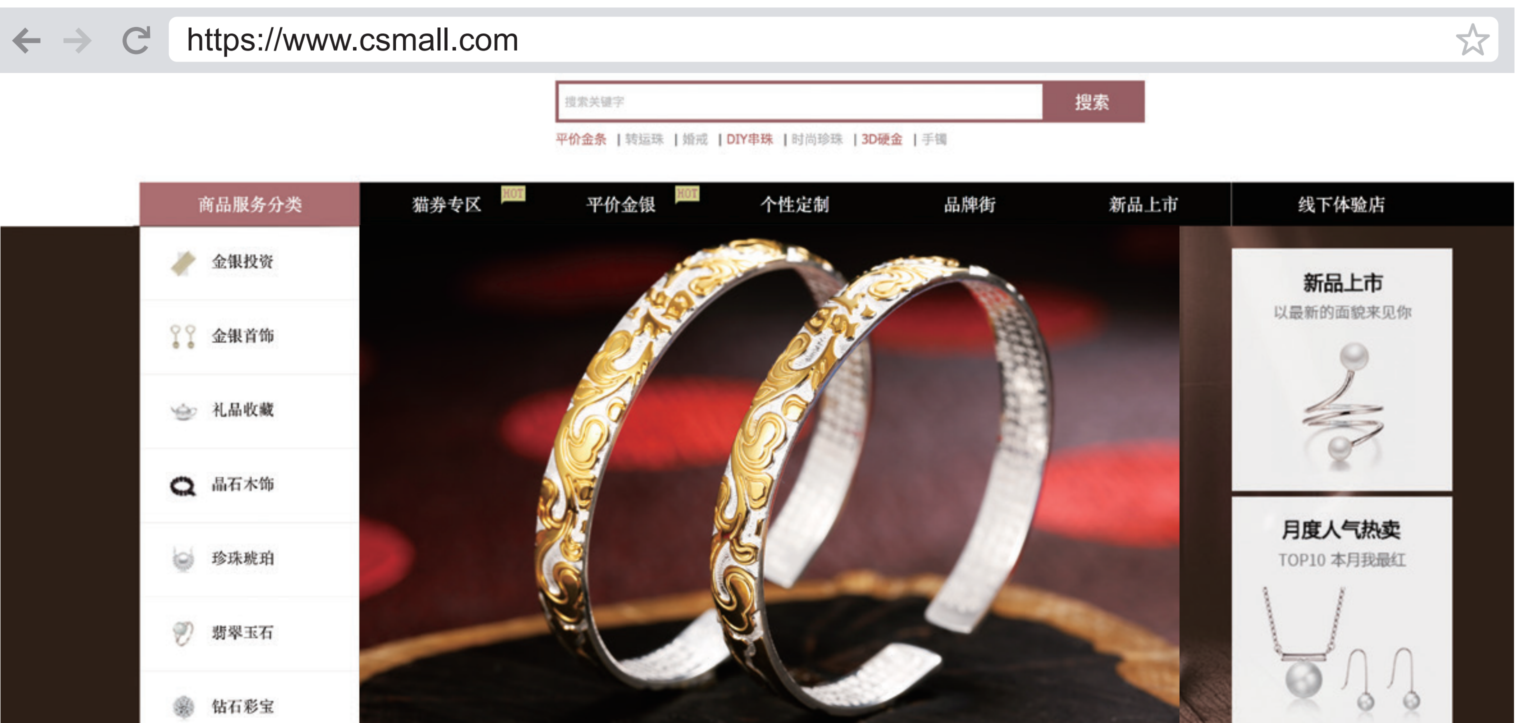
金貓銀貓集團有限公司
CSMall Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code：1815

GLOBAL OFFERING



金猫银猫 CSmall

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Sole Sponsor, Sole Global Coordinator and Sole Bookrunner

CMS 招商證券國際

IMPORTANT: If you are in any doubt about this prospectus, you should obtain independent professional advice.

CSMall Group Limited

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(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	**: 194,183,990 Shares (subject to the Over-allotment Option)**
Number of International Offer Shares	**: 174,763,990 Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Offer Shares	**: 19,420,000 Shares (subject to adjustment)**
Maximum Offer Price	**: HK$3.28 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**: US$0.0001 per Share**
Stock code	**: 1815**

Sole Sponsor, Sole Global Coordinator and Sole Bookrunner

CMS 招商證券國際

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in Appendix VI — "Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

See "Risk Factors" for a discussion of certain risks that you should consider before investing in the Shares. The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, 5 March 2018 and, in any event, not later than Monday, 12 March 2018. The Offer Price will be not more than HK$3.28 and is currently expected to be not less than HK$2.28, unless otherwise announced. If, for any reason, the Offer Price is not agreed by Monday, 12 March 2018 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$3.28 for each Offer Share, together with a 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee, subject to refund if the Offer Price should be lower than HK$3.28 as finally determined.

The Sole Global Coordinator (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicated Offer Price range will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.csmall.com**. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applications for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set forth in "Underwriting". It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. securities laws. The Offer Shares are being offered and sold outside the United Sates in reliance on Regulation S under the U.S. Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

28 February 2018

China Silver Distribution

Last day for dealing in China Silver Shares cum-entitlement to the Distribution	Tuesday, 20 February 2018
First day for dealing in China Silver Shares ex-entitlement to the Distribution	Wednesday, 21 February 2018
Latest time for lodging transfers of China Silver Shares to qualify for the Distribution	4:30 p.m. on Thursday, 22 February 2018
Register of members closes	Friday, 23 February 2018 to Monday, 26 February 2018
Record Date for determining the entitlement to the Distribution	Monday, 26 February 2018
Register of members re-opens	Tuesday, 27 February 2018

Hong Kong Public Offering

Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Wednesday, 28 February 2018
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk** (Note 2)	11:30 a.m. on Monday, 5 March 2018
Application lists open (Note 3)	11:45 a.m. on Monday, 5 March 2018
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Monday, 5 March 2018
Latest time to give **electronic application instructions** to HKSCC (Note 4)	12:00 noon on Monday, 5 March 2018
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Monday, 5 March 2018
Application lists close	12:00 noon on Monday, 5 March 2018
Expected Price Determination Date (Note 5)	Monday, 5 March 2018
(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and on the Company's website at **www.csmall.com** on	Monday, 12 March 2018

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" . . . . Monday, 12 March 2018

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.csmall.com** from . . . . Monday, 12 March 2018

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID/Business Registration Number" function on a 24-hour basis from . . . . Monday, 12 March 2018

Despatch of Share certificates or deposit of the Share certificates into CCASS to Qualifying China Silver Shareholders who are entitled to receive Shares under the Distribution on or before (Note 6) . . . . Monday, 12 March 2018

Despatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications on or before (Note 6) . . . . Monday, 12 March 2018

Despatch/Collection of **White Form** e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications on or before (Notes 6, 7) . . . . Monday, 12 March 2018

Dealings in our Shares on the Stock Exchange to commence at . . . . 9:00 a.m. on Tuesday, 13 March 2018

Despatch of cheques to Overseas Excluded China Silver Shareholders of the net proceeds of the sale of the Shares which they would otherwise receive pursuant to the Distribution on or before (Note 8) . . . . Thursday, 12 April 2018

Notes:

1. All times refer to Hong Kong local time, except as otherwise stated.
2. You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application/payment reference number from the designated website prior to or at 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Monday, 5 March 2018, the application lists will not open on that day. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.
4. Applicants who apply for the Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

5. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around Monday, 5 March 2018 and, in any event, not later than Monday, 12 March 2018. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse. Notwithstanding that the Offer Price may be fixed at below the maximum Offer Price of HK$3.28 per Offer Share payable by applicants for the Offer Shares under the Hong Kong Public Offering, applicants who apply for the Offer Shares must pay on application the maximum Offer Price of HK$3.28 per Offer Share plus the brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% but will be refunded the surplus application monies as provided in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

6. Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by their Application Forms may collect (where applicable) refund cheques and/or (where applicable) Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712—1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 12 March 2018 or any other date notified by us as the date of despatch of Share certificates and refund cheques. Applicants being individuals who is eligible for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who is eligible for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations' chops. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. Uncollected Share certificates and refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms shortly thereafter. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your Share certificates (if applying by using a **WHITE** Application Form) and/or refund cheques will be sent to the address on the Application Form on or before Monday, 12 March 2018 by ordinary post and at your own risk. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares".

   Share certificates will only become valid certificates of title provided that the Hong Kong Public Offering has become unconditional and neither of the Underwriting Agreements has been terminated in accordance with its respective terms, which is expected to be at 8:00 a.m. on Tuesday, 13 March 2018. Investors who trade the Shares on the basis of publicly available allocation details or prior to the receipt of share certificates and before they become valid do so entirely at their own risk.

   For applicants who apply by giving electronic application instructions, the relevant arrangements are set out under the section headed "How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

7. e-Refund payment instructions/refund cheques will be made in respect of wholly or partially unsuccessful applications and in respect of successful applications in the event that the Offer Price is less than the initial price per Offer Share payable on application.

8. Overseas Excluded China Silver Shareholders will be entitled to the Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Distribution will be sold by China Silver Group on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. Further information is set out in the section headed "Structure of the Global Offering — The Distribution" in this prospectus.

For details of the structure and conditions of the Global Offering, including conditions of the Hong Kong Public Offering, you should refer to the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering. Information contained in our website, located at www.csmall.com, does not form part of this document.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

The cost of sales upon which our Group's profit for the year ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016 is based reflected the cost of production of silver ingots incurred by Longtianyong, which was our sole supplier of silver ingots during the Relevant Period, instead of the prevailing market rates of silver ingots which are in general higher than their cost of production. To provide investors with a meaningful measure of our overall profit generating capabilities during the Track Record Period and after Listing that reflects cost of silver ingots procured on an arm's length basis, we have disclosed and analysed information in respect of our Group's cost of sales and profitability by reference to the Listing Segment financial information derived from Note 5 to our consolidated financial statements in "Appendix I — Accountants' Report". See section headed "Financial Information — Explanatory Statement on the Presentation of our Group's Cost of Sales and Profitability" for more information.

OVERVIEW

We are the largest integrated online and offline Internet-based jewellery retailer in China in terms of sales revenue in 2016 and the number of online registered user accounts as of 31 December 2016, according to the Frost & Sullivan Report. We sell a wide selection of self-branded and third-party branded jewellery products, including gold bars, silver bars, wearable jewellery, silverwares and other collectibles, primarily through our self-operated online platform (comprising **www.csmall.com**, **m.csmall.com**, and the mobile App of 金貓銀貓CSmall), our third-party online sales channels and our offline sales and service network (mainly comprising 115 CSmall Shops and our Shenzhen Exhibition Hall as of 31 October 2017). The Listing of our Group, which has a short operating history starting from October 2013, is a spin-off from our Controlling Shareholder, China Silver Group. In terms of sales revenue in 2016, we ranked first among online jewellery retailers and integrated online and offline jewellery retailers in China, commanding a market share of 5.3% and 7.3%, respectively, according to Frost & Sullivan. During the Track Record Period, we witnessed substantial growth of our revenue and profit. Our total revenue was RMB291.2 million, RMB835.3 million, RMB2,465.3 million, RMB1,819.7 million and RMB3,154.4 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 191.0% from 2014 to 2016, and our Listing Segment net profit was RMB9.7 million, RMB21.5 million, RMB48.1 million, RMB47.9 million and RMB67.6 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 122.7% from 2014 to 2016.

Our significant revenue growth during the Track Record Period was primarily driven by the increased sales of gold products, whose revenue accounted for 19.5%, 50.5%, 78.6%, 76.5% and 80.9% of our total revenue in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively. Such significant growth in revenue of gold products was mainly attributable to our promotional sales of gold bars through our self-operated online platform at competitive prices, which was one of our key online sales and marketing strategies starting from 2015. The revenue from sales of gold bars accounted for 9.2%, 41.3%, 73.2%, 73.9% and 66.9% of our revenue in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017. In particular, 62.8% and 59.3% of our revenue in 2016 and the ten months ended 31 October 2017 were attributable to 183 and 51 customers each spending an aggregate of over RMB0.5 million on our self-operated online platform, primarily purchasing gold bars. These high-spending customers were (i) for the year ended 31 December 2016, individual customers and corporate customers which primarily include consumer goods retailers, metal product sales and trading companies and jewellery companies; and (ii) for the ten months ended 31 October 2017, primarily individual customers and corporate customers, including a PRC state-owned enterprise (our largest customer in such period) and certain jewellery companies. Although the gold bars we sold at competitive prices generally commanded relatively low gross profit margins, which were nil, 2.5%, 1.2%, 1.6% and 0.7% in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, such competitive selling strategies allowed us to (i) increase customer traffic; (ii) increase revenue and profit in absolute amounts; and (iii) promote the CSmall brand. We believe that our sales of gold bars at competitive prices will continue to create value for us in the near future, but we will conduct such sale in conjunction with other strategies, such as diversifying our product mix by promoting jewellery products with higher profit margins and promoting our CSmall Gift initiatives, thereby limiting the impact of gold bars on our overall gross profit margin.

The growth in our gross profit during the Track Record Period was primarily attributable to the general increase in the sales of our various types of silver products which had relatively higher gross profit margins ranging from 20.3% to 31.9%, and to a lesser extent, our gold products, primarily gold bars, as a result of their larger sales volume. In 2014, 2015 and 2016, and the ten months ended 31 October 2016 and 2017, the gross profit of our silver products was RMB72.8 million, RMB79.9 million, RMB110.3 million, RMB85.3 million and RMB106.9 million, respectively, and the gross profit/(loss) of our gold products was (RMB1.4 million), RMB12.6 million, RMB29.7 million, RMB28.1 million and RMB46.1 million, respectively.

We believe our business will continue to grow and benefit from the strong growth potential in the online jewellery retail market and its primary segment market of the integrated online and offline jewellery retail market, which are expected to grow at a CAGR of 24.0% and 26.4%, respectively, from 2016 to 2021, according to Frost & Sullivan.

OUR BUSINESS

Our Integrated Online and Offline Jewellery Retail Structure

Our online sales channels offer a wide selection of jewellery products to our customers with easy access while our customers can visit our offline sales and service network to enjoy on-the-ground sales and services, including jewellery fitting and maintenance services that are essential for jewellery shopping experience. The revenue from the sales of our jewellery products through our online sales channels was RMB47.9 million, RMB345.8 million, RMB1,950.5 million, RMB1,417.3 million and RMB2,391.1 million for 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 537.9% from 2014 to 2016, and accounted for approximately 16.5%, 41.4%, 79.1%, 77.9% and 75.8%, respectively, of our total revenue during the same periods. We maintain our online presence primarily through our self-operated online platform, comprising our Internet website, our mobile website and our mobile App. We supplement our online platform with third-party online sales channels, primarily television and video shopping channels and third-party online marketplaces. As of 31 October 2017, we had 31 contracted third-party online sales channels operators.

As of the Latest Practicable Date, our offline sales and service network comprised (i) our CSmall Shops, (ii) our Shenzhen Exhibition Hall, and (iii) third-party offline points of sale, being certain commercial bank that we cooperated with. As of 31 October 2017, we had 115 CSmall Shops located in 17 provinces and municipalities in China, comprising seven self-operated CSmall Shops, four jointly operated CSmall Shops and 104 franchised CSmall Shops. See the section headed "Business — Our Integrated Online and Offline Jewellery Retail Structure" in this prospectus for more details.

In September 2016, we also launched our CSmall Gift initiatives by cooperating with our CSmall Gift partners, comprising non-jewellery retailers, service providers and our franchisees, which purchased our jewellery products or CSmall Gift credits (貓券) to be used as gift redemption for their own retail customers. In order to promote our CSmall Gift initiatives in different geographic locations, we began establishing physical CSmall Gift shops in September 2017, to showcase our CSmall Gift jewellery products and provide offline jewellery fitting services for products redeemed online. To take advantage of the customer traffic that are expected to be attracted to our CSmall Gift shop, we also open one self-operated CSmall Shop next to each CSmall Gift shop. We distinguish our CSmall Gift shops from our CSmall Shops because we believe that a distinct shop that focuses on the gift experience would enhance the overall image of the CSmall Gift concept. We adopt a sales and marketing strategy where the jewellery products redeemed at our CSmall Gift shops are different from those sold at our CSmall Shops while our such new self-operated CSmall Shops will generally focus on sales of our silver products. By the end of 2017, we had three CSmall Gift shops, with a gross floor area of 120 square metres, 66 square metres and 387 square metres, respectively. We expect to open another 29 CSmall Gift shops in 2018. See the section headed "Business — Our CSmall Gift Initiatives" in this prospectus for more details.

Our Brands and Products

We operate our integrated online sales channels and offline sales and service network under our platform brand of 金貓銀貓CSmall. We adopted a multi-tier and multi-brand product strategy, which enables us to cater to a broad range of customers with different and evolving needs and preferences, thereby strengthening our business resilience. The sales of self-branded jewellery products accounted for more than 99% of our total revenue (with the remaining from sales of third-party branded jewellery products) during the Track Record Period, which demonstrated that we successfully enhanced our brand exposure through the expansion of our integrated online and offline sales network and also gained solid market recognition for our trustworthy product quality.

We categorise our jewellery products into the following product categories: (i) gold products that are primarily made of gold with a purity grade of not less than 99.9% (999 gold), which comprise gold bars and other gold jewellery products, (ii) silver products that are primarily made of silver with a purity grade of not less than 92.5% (including 925 silver and fine silver) which comprise silver bars and other silver jewellery products, and (iii) gem-set and other jewellery products. See the section headed "Financial Information — Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue by Product Category" for more information on our product mix and its changes during the Track Record Period. Our self-branded jewellery products are designed by our professional in-house designer team and, to a lesser extent, our external designers referred by our cooperated art and design institutions and colleges. During the Track Record Period, our self-branded jewellery products were manufactured by our OEM contractors or sourced from third-party jewellery suppliers. See the section headed "Business — Our Brands and Products" in this prospectus for more details.

Product Pricing

We have established internal pricing and discount policies with respect to products sold by ourselves and our franchisees, which are reviewed and approved by the senior management, to govern the product pricing and discounts offered to customers from time to time. Prices of the jewellery products are generally determined by cost of raw materials and finished goods, cost of casting work, weight and the jewellery components contained in each of the products, styles and designs, complexity and novelty of the design, and our expected margins. See the section headed "Business — Product Pricing" in the prospectus for more details.

Customers

We sell our jewellery products to a broad range of customers through a combination of B2C, B2B2C and B2B sales models. Revenue generated from the sales to our five largest customers amounted to RMB185.5 million, RMB467.9 million, RMB481.4 million and RMB1,994.0 million for 2014, 2015 and 2016 and the ten months ended 31 October 2017, respectively, representing 63.7%, 56.0%, 19.5% and 63.2% of our total revenue for the relevant periods. Revenue from the largest single customer for 2014, 2015 and 2016 and the ten months ended 31 October 2017 amounted to RMB56.1 million, RMB191.6 million, RMB143.4 million and RMB1,488.4 million, respectively, representing 19.3%, 22.9%, 5.8% and 47.2% of our total revenue for the relevant periods. None of our Directors, their associates or any Shareholder (which, to the knowledge of the Directors, owns more than 5% of our issued share capital) has any interest in any of our five largest customers during the Track Record Period. See the sections headed "Business — Customers" and "Financial Information — Description of Selected Line Items of Consolidated Statement of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin — Our Group — By Customer" in this prospectus for more details.

Suppliers and Procurement

The principal raw materials for our jewellery products include gold, silver and various kinds of gemstones. We primarily source gold from precious metal exchanges and gemstones from independent third-party suppliers. During the Track Record Period, Longtianyong, a wholly owned subsidiary of our Controlling Shareholder, was our major supplier of silver ingots. We will continue to source silver ingots from Longtianyong for our business. See the section headed "Connected Transactions" in this prospectus for more information. During the Track Record Period, we outsourced the production of certain of our self-branded products to OEM contractors. We also source jewellery products (including self-branded and third-party branded) from a wide range of suppliers, including well-established overseas and domestic jewellery companies. We believe we are not dependent on any single supplier for any raw materials to any material extent since our key raw materials, gold and silver, are commodities with standardised specifications available from a wide range of suppliers in the market and are widely traded on precious metal exchanges with transparent spot prices. During the Track Record Period, we had not encountered any disruption to our business as a result of shortage or significant fluctuations in trading prices of raw materials. We engage independent third-party delivery service providers for our product delivery services.

Purchases from our five largest suppliers (at prevailing market rates) amounted to RMB290.2 million, RMB593.4 million, RMB2,177.8 million and RMB2,633.6 million for 2014, 2015 and 2016 and the ten months ended 31 October 2017, respectively, representing 51.8%, 50.7%, 77.9% and 88.7% of our total purchases (at prevailing market rates) for the relevant periods. Purchases from the largest single supplier (at prevailing market rates) for 2014, 2015 and 2016 and the ten months ended 31 October 2017 amounted to RMB206.8 million, RMB287.4 million, RMB1,147.6 million and RMB1,506.9 million, respectively, representing 36.9%, 24.6%, 41.1% and 50.8% of our total purchase (at prevailing market rates) for the relevant periods. Most of our purchases were settled in RMB by way of wire transfers. In 2015 and 2016, one of our top ten customers was also one of our top ten suppliers during the same periods. None of our Directors, their associates or any Shareholder (which, to the knowledge of the Directors, owns more than 5% of our issued share capital) has any interest in any of our raw material suppliers (other than Longtianyong), our OEM contractors, third-party jewellery suppliers and third-party logistics service providers that we engaged during the Track Record Period. See the section headed “Business — Suppliers and Procurement” in this prospectus for more details.

Inventory Management and Quality Control

In order to minimise our inventory carrying costs and the use of our working capital, we strive to maintain optimal inventory levels. During the Track Record Period, our inventory were finished products sourced from OEM contractors and third-party jewellery suppliers. We did not have any provision for inventory during the Track Record Period. In 2014, 2015 and 2016 and the ten months ended 31 October 2017, our inventory turnover days (based on cost of sales at historical cost) were 28.1 days, 23.9 days, 32.1 days and 28.3 days, respectively, and our inventory turnover days (based on cost of sales at prevailing market rates) were 24.4 days, 23.5 days, 32.0 days and 28.3 days, respectively. See the sections headed “Financial Information — Certain Balance Sheet Items — Inventories” and “Financial Information — Explanatory Statement on the Presentation of Our Group’s Cost of Sales and Profitability” for more information.

We have equipped our precious metal testing laboratory at our warehouse in Shenzhen with advanced machineries for testing precious metals, including gold and silver. We require our OEM contractors and third-party jewellery suppliers to conduct quality testing for all products they supplied to us at qualified jewellery quality inspection centres. We provide our customers with authentication certificates issued by the AQSIQ-approved jewellery quality inspection centres for our jewellery products. See the section headed “Business — Quality Control” in this prospectus for more information.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have been critical to our success to date and have positioned us for future growth: (1) We are the largest integrated online and offline Internet-based jewellery retailer in China operating under our New Jewellery Retail Model; (2) We believe our business will continue to benefit from the potential growth in the online jewellery retail market and the demand for affordable jewellery products in China; (3) Our leading market position has well positioned us to strengthen our data mining and analytical capabilities to further enhance our business growth; (4) Our diversified sales and marketing initiatives that are designed to differentiate us from traditional jewellery retailers have substantially contributed to the growth of our business; (5) We have developed market recognition for our platform brand of 金貓銀貓CSmall and our trustworthy product quality; and (6) We are led by an experienced management team with strong execution capabilities.

OUR STRATEGIES

Our goal is to maintain and consolidate our position as a leading integrated online and offline Internet-based jewellery retailer in China. We plan to achieve this goal by implementing the following strategies: (1) We will continue to expand and optimise our integrated online and offline jewellery retail structure and enhance the online and offline synergies; (2) We will continue to implement our CSmall Gift initiatives to expand our customer base and enhance our business growth; (3) We will continue to strengthen our data collection, analytical and utilisation capabilities; (4) We will continue to enhance our product design and development capabilities and our brand recognition; and (5) We will continue to recruit, foster and retain talent.

SUMMARY FINANCIAL INFORMATION

You should read the summary historical financial information set forth below in conjunction with our consolidated financial statements as included in "Appendix I — Accountants' Report" to this prospectus, which have been prepared in accordance with IFRSs, together with the accompanying notes. The summary historical financial information as of and for the year ended 31 December 2014, 2015 and 2016 and for the ten months ended 31 October 2016 and 2017 are derived from our consolidated financial statements, including the notes thereto, set forth in "Appendix I — Accountants' Report" to this prospectus.

Summary Financial Information of Our Group

The following table sets forth a summary of our Group's Consolidated Statements of Profit or Loss and Other Comprehensive Income for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Revenue	291,218	835,345	2,465,291	1,819,689	3,154,421
Cost of sales	(219,408)	(735,866)	(2,315,776)	(1,698,945)	(2,969,164)
Gross profit	71,810	99,479	149,515	120,744	185,257
Other income, gains and losses	300	1,518	6,147	5,780	1,517
Selling and distribution expenses	(10,827)	(27,998)	(43,398)	(32,984)	(35,685)
Administrative expenses	(13,480)	(31,548)	(44,136)	(32,335)	(39,502)
Share of results of associates	(400)	400	350	350	(18)
Listing expenses	—	—	(3,802)	—	(16,608)
Profit before tax	47,403	41,851	64,676	61,555	94,961
Income tax expense	(9,894)	(8,897)	(14,412)	(11,428)	(27,319)
Profit for the year/period	37,509	32,954	50,264	50,127	67,642

Summary Financial Information of Our Listing Segment

During the Relevant Period (i.e., between January 2014 and March 2016), Longtianyong, a wholly owned subsidiary of our Controlling Shareholder, was our sole supplier of silver ingots. In accordance with IFRSs, our Group's cost of sales for our silver products during the Relevant Period reflected the historical cost of production of silver ingots incurred by Longtianyong, which was lower than the cost of procuring silver ingots at their then prevailing market rates. Since April 2016, we have procured silver ingots from Longtianyong at their prevailing market rates. The difference between the cost of silver ingots at their then prevailing market rates and our historical cost is RMB32.8 million, RMB13.5 million, RMB2.9 million and RMB2.9 million for the year ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016, respectively. In order to provide investors with a meaningful measure of the overall profit generating capabilities of our business during the Track Record Period and after the Listing, we adopted the concept of the Listing Segment as our sole reporting segment during the Track Record Period to account for the cost of silver ingots based on their then prevailing market rates during the Relevant Period. See the section headed "Financial Information — Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" in this prospectus for more information.

The following table sets forth a summary of our Listing Segment's financial information for the periods indicated, having regard to the cost of silver ingots at their then prevailing market rates during the Relevant Period:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)			(unaudited)	
Listing segment revenue - external sales	291,218	835,345	2,465,291	1,819,689	3,154,421
Cost of sales	(252,164)	(749,323)	(2,318,714)	(1,701,883)	(2,969,164)
Gross profit	39,054	86,022	146,577	117,806	185,257
Other income, gains and losses	300	1,518	6,147	5,780	1,517
Selling and distribution expenses	(10,827)	(27,998)	(43,398)	(32,984)	(35,685)
Administrative expenses	(13,480)	(31,548)	(44,136)	(32,335)	(39,502)
Share of results of associates	(400)	400	350	350	(18)
Listing expenses	—	—	(3,802)	—	(16,608)
Listing segment profit before tax	14,647	28,394	61,738	58,617	94,961
Income tax expense	(4,980)	(6,940)	(13,678)	(10,694)	(27,319)
Segment profit for the year/period	9,667	21,454	48,060	47,923	67,642

The following table sets forth a breakdown of our revenue (by product category) from our (i) online sales channels, (ii) offline sales and service network and (iii) CSmall Gift initiatives for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(in thousands of RMB, except percentages)						(unaudited)			
Online Sales Channels										
Self-operated online platform	**711**	**0.2%**	**198,525**	**23.8%**	**1,826,708**	**74.1%**	**1,313,139**	**72.2%**	**2,216,333**	**70.3%**
Gold products	2	0.0%	157,403	18.8%	1,736,854	70.5%	1,244,437	68.4%	2,063,281	65.4%
Silver products	612	0.2%	27,149	3.3%	74,153	3.0%	56,849	3.1%	122,067	3.9%
Gem-set and other jewellery products	97	0.0%	13,973	1.7%	15,700	0.6%	11,854	0.7%	30,985	1.0%
Third-party online sales channels	**47,227**	**16.2%**	**147,286**	**17.6%**	**123,820**	**5.0%**	**104,184**	**5.7%**	**174,750**	**5.5%**
Gold products	17,129	5.9%	59,487	7.1%	49,802	2.0%	44,963	2.5%	59,912	1.9%
Silver products	29,988	10.3%	87,248	10.4%	73,359	3.0%	58,880	3.2%	114,235	3.6%
Gem-set and other jewellery products	110	0.0%	551	0.1%	659	0.0%	341	0.0%	603	0.0%
Subtotal	**47,938**	**16.5%**	**345,811**	**41.4%**	**1,950,528**	**79.1%**	**1,417,323**	**77.9%**	**2,391,083**	**75.8%**
Offline Sales and Service Network										
CSmall Shops	**82,950**	**28.5%**	**369,089**	**44.2%**	**384,609**	**15.6%**	**310,778**	**17.1%**	**519,822**	**16.5%**
Gold products	12,128	4.16%	203,995	24.4%	147,075	6.0%	101,667	5.6%	266,807	8.5%
Silver products	70,178	24.1%	159,047	19.0%	230,449	9.3%	202,765	11.1%	135,175	4.3%
Gem-set and other jewellery products	644	0.2%	6,046	0.7%	7,086	0.3%	6,346	0.4%	117,840	3.7%

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(in thousands of RMB, except percentages)						(unaudited)			
Shenzhen Exhibition Hall	**160,330**	**55.1%**	**116,775**	**14.0%**	**122,887**	**5.0%**	**86,738**	**4.8%**	**228,273**	**7.2%**
Gold products	27,490	9.4%	748	0.1%	1,100	0.0%	839	0.1%	156,938	5.0%
Silver products	127,705	43.9%	115,759	13.9%	120,104	4.9%	84,525	4.6%	49,795	1.6%
Gem-set and other jewellery products	5,136	1.8%	268	0.0%	1,683	0.1%	1,374	0.1%	21,540	0.6%
Third-party offline points of sale	**—**	**—**	**3,671**	**0.4%**	**6,740**	**0.3%**	**4,850**	**0.2%**	**5,860**	**0.2%**
Gold products	—	—	—	—	1,633	0.1%	658	0.0%	3,667	0.1%
Silver products	—	—	3,655	0.4%	4,989	0.2%	4,098	0.2%	1,903	0.1%
Gem-set and other jewellery products	—	—	16	0.0%	118	0.0%	94	0.0%	290	0.0%
Subtotal	**243,280**	**83.5%**	**489,535**	**58.6%**	**514,236**	**20.9%**	**402,366**	**22.1%**	**753,955**	**23.9%**
CSmall Gift Initiatives [1]	—	—	—	—	527	0.0%	—	—	9,383	0.3%
Gold products	—	—	—	—	31	0.0%	—	—	—	—
Silver products	—	—	—	—	249	0.0%	—	—	169	0.0%
Gem-set and other jewellery products	—	—	—	—	247	0.0%	—	—	9,214	0.3%
Total	**291,218**	**100%**	**835,345**	**100%**	**2,465,291**	**100%**	**1,819,689**	**100.0%**	**3,154,421**	**100.0%**

Note:

(1) We launched our CSmall Gift Initiatives in September 2016.

The following table sets forth a breakdown of our revenue from sales of jewellery products by product category for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(in thousands of RMB, except percentages)									
Gold products	56,749	19.5%	421,632	50.5%	1,936,495	78.6%	1,392,563	76.5%	2,550,605	80.9%
Gold bars	26,774	9.2%	344,623	41.3%	1,803,235	73.2%	1,343,938	73.9%	2,108,827	66.9%
Other gold jewellery products[1]	29,975	10.3%	77,009	9.2%	133,260	5.4%	48,626	2.6%	441,778	14.0%
Silver products	228,482	78.5%	392,859	47.0%	503,303	20.4%	407,117	22.4%	423,344	13.4%
Silver bars	120,770	41.5%	209,816	25.1%	239,737	9.7%	192,549	10.6%	204,227	6.5%
Other silver jewellery products[2]	107,712	37.0%	183,043	21.9%	263,566	10.7%	214,568	11.8%	219,117	6.9%
Gem-set and other jewellery products	5,987	2.0%	20,854	2.5%	25,493	1.0%	20,008	1.1%	180,472	5.7%
Total	291,218	100%	835,345	100%	2,465,291	100%	1,819,689	100.0%	3,154,421	100.0%

Notes:

(1) Other gold jewellery products mainly include products not in the form of bars, such as gold statues, gold rings, earrings, necklaces, pendants, bracelets, charms and brooches and other gold collectibles.

(2) Other silver jewellery products mainly include products not in the form of bars, such as silver statues, other silverware, silver rings, earrings, necklaces, pendants, bracelets, charms and brooches and other silver collectibles.

The following table sets forth a breadown of our Listing Segment gross profit/(loss) and Listing Segment gross profit margin (based on the cost of silver ingots at prevailing market rates) by product category for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)
	(in thousands of RMB, except percentages)									
Gold products	(1,433)	—	12,643	3.0%	29,730	1.5%	28,101	2.0%	46,141	1.8%
Gold bars	(864)	—	8,506	2.5%	21,476	1.2%	20,895	1.6%	14,018	0.7%
Other gold jewellery products	(569)	—	4,137	5.4%	8,254	6.2%	7,206	14.8%	32,123	7.3%
Silver products	40,032	17.5%	66,479	16.9%	107,347	21.3%	82,389	20.2%	106,890	25.2%
Silver bars	(14,926)	—	12,938	6.2%	29,718	12.4%	19,865	10.3%	34,461	16.9%
Other silver jewellery products	54,958	51.0%	53,541	29.3%	77,629	29.5%	62,524	29.1%	72,429	33.3%
Gem-set and other jewellery products	455	7.6%	6,900	33.1%	9,500	37.3%	7,316	36.6%	32,226	17.9%
Total	39,054	13.4%	86,022	10.3%	146,577	5.9%	117,806	6.5%	185,257	5.9%

Summary Consolidated Statements of Financial Position

	As of 31 December			As of 31 October
	2014	2015	2016	2017
	(in thousands of RMB)			
Assets				
Total non-current assets	7,631	55,796	11,607	15,091
Total current assets	87,114	540,284	629,933	772,664
Total assets	94,745	596,080	641,540	787,755
Liabilities				
Total current liabilities	77,685	468,945	420,186	474,863
Total liabilities	77,685	468,945	420,186	474,863
Equity				
Equity attributable to owners of the company	17,060	78,537	172,756	312,892
Non-controlling interests	—	48,598	48,598	—
Total equity	17,060	127,135	221,354	312,892
Total equity and liabilities	94,745	596,080	641,540	787,755

Summary Consolidated Statements of Cash Flows

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Net cash (used in) from operating activities[(1)]	(42,350)	(37,526)	(258,677)	(138,875)	310,822
Net cash (used in) from investing activities	(3,724)	(366,098)	355,480	361,535	(10,527)
Net cash from (used in) financing activities	120,404	448,382	19,227	(65,322)	69,069
Net increase in cash and cash equivalents	74,330	44,758	116,030	156,338	369,364
Cash and cash equivalents at the beginning of year/period	3	2,163	5,118	5,118	124,901
Cash and cash equivalents at the end of the year/period	2,163	5,118	124,901	164,626	494,249

Note:

(1) We recorded net cash used in operating activities in 2014, 2015 and 2016 and the ten months ended 31 October 2016 which was primarily due to our business growth, in particular, the increases in our purchases from our suppliers and OEM contractors in order to meet increased customer demand for our products. See the section headed "Financial Information — Liquidity and Capital Resources — Net Cash (Used In) From Operating Activities" in this prospectus for more information.

Key Financial Ratios of Our Group

The following table sets forth certain financial ratios based on our historical financial information (based on cost of sales at historical cost) for the periods indicated:

	As of and for the year ended 31 December			As of and for the ten months ended 31 October
	2014	2015	2016	2017
Profitability ratios				
Gross profit margin(1)	24.7%	11.9%	6.1%	5.9%
Net profit margin(2)	12.9%	3.9%	2.0%	2.1%
Return on equity(3)	485.1%	45.7%	28.8%	N/A
Return on total assets(4)	75.0%	9.5%	8.1%	N/A
Liquidity ratios				
Current ratio(5)	112.1%	115.2%	149.9%	162.7%
Quick ratio(6)	68.7%	101.8%	68.1%	118.7%

Notes:

(1) Gross profit for a period divided by revenue for the same period and multiplied by 100%.

(2) Profit for a period divided by revenue for the same period and multiplied by 100%.

(3) Return on equity is calculated on a full year basis. Return on equity for the year ended 31 December 2014, 2015 and 2016 is calculated by the profit for the year, divided by the average of the beginning and ending total equity for the respective year and multiplied by 100%.

(4) Return on total assets is calculated on a full year basis. Return on total assets for the year ended 31 December 2014, 2015 and 2016 is calculated by the profit for the year divided by the average of beginning and ending total assets for the respective year and multiplied by 100%.

(5) Current assets divided by current liabilities as of the end of a period and multiplied by 100%.

(6) Current assets less inventories divided by current liabilities as of the end of a period and multiplied by 100%.

The decrease in our gross profit margin during the Track Record Period is primarily attributable to the increased sales of our gold bars with competitive prices as a percentage of our total revenue. We believe that our sales of gold bars at competitive prices in the near future will continue to create value for our Group, but we will do so in conjunction with other strategies such as diversifying product mix and promoting jewellery products with higher profit margins and promoting the CSmall Gift initiatives to reduce the impact of gold bars on our overall profit margin. Accordingly, in the near future, we expect our gross profit margin and net profit margin to remain relatively low. See the section headed "Business — Our Integrated Online and Offline Jewelley Retail Structure — Overview" in this prospectus for more information.

Key Financial Ratios of Our Listing Segment

The following table sets forth certain financial ratios based on our Listing Segment financial information (based on cost of silver ingots at prevailing market rates) for the periods indicated:

	As of and for the year ended 31 December			As of and for the ten months ended 31 October
	2014	2015	2016	2017
Listing Segment gross profit margin(1)	13.4%	10.3%	5.9%	5.9%
Listing Segment net profit margin(2)	3.3%	2.6%	1.9%	2.1%
Listing Segment return on equity(3)	103.6%	29.8%	27.6%	N/A
Listing Segment return on total assets(4)	19.1%	6.2%	7.8%	N/A

Notes:

(1) Listing Segment gross profit for a period divided by revenue for the same period and multiplied by 100%.

(2) Listing Segment net profit for a period divided by revenue for the same period and multiplied by 100%.

(3) Listing Segment return on equity is calculated on a full year basis. Listing Segment return on equity for the year ended 31 December 2014, 2015 and 2016 is calculated by Listing Segment profit for the year divided by the average of the beginning and ending total equity of our Group for the respective year and multiplied by 100%.

(4) Listing Segment return on total assets is calculated on a full year basis. Listing Segment return on total assets for the year ended 31 December 2014, 2015 and 2016 is calculated by Listing Segment profit for the year divided by the average of beginning and ending total assets of our Group for the respective year and multiplied by 100%.

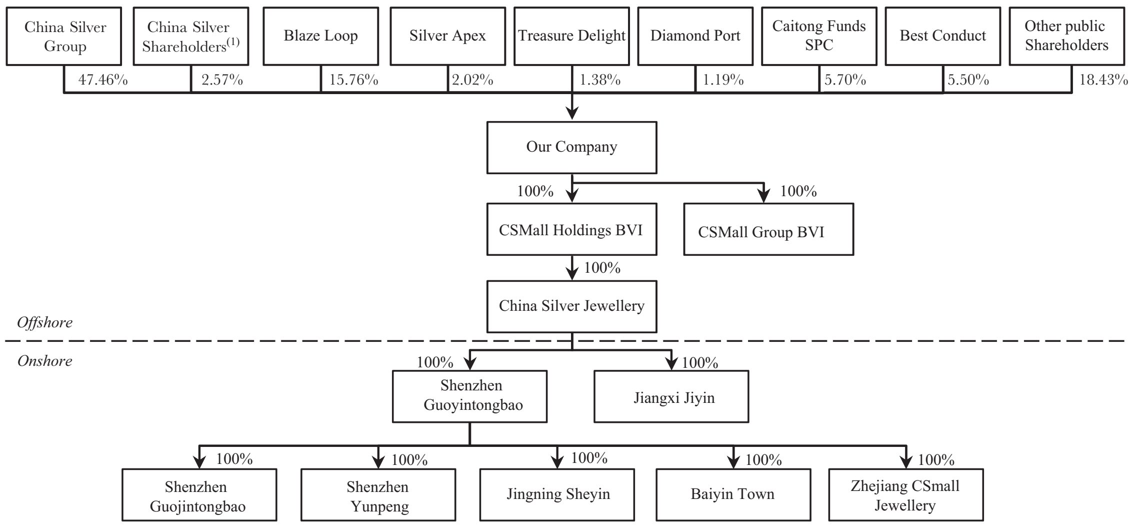
See the section headed "Financial Information" in this prospectus for more information.

SENSITIVITY ANALYSIS

Cost of raw materials and finished goods, primarily including gold and silver, is a major component of our cost of sales (whether based on historical cost or at prevailing market rates). Our sales of gold and silver products altogether accounted for a significant portion of our jewellery product sales during the Track Record Period. See the section headed "Financial Information — Sensitivity Analysis" in this prospectus for more information.

OUR SHAREHOLDING STRUCTURE

The shareholding structure of our Group immediately after completion of the Loan Capitalisation Issue, the Distribution and the Global Offering (assuming the Over-allotment Option is not exercised) will be as follows:



(1) Assuming, for illustration purposes only, that both the Qualifying China Silver Shareholders and the Overseas Excluded China Silver Shareholders received Shares as their entitlement to the Distribution and have not disposed of such Shares.

Following completion of the Loan Capitalisation Issue, the Distribution and the Global Offering, China Silver Group will hold approximately 47.46% interest in the issued share capital of our Company. The directors of China Silver Group are of the view that China Silver Group may continue to, having regard to various factors after completion of the Loan Capitalisation Issue, the Distribution and the Global Offering, such as the shareholding structure of the Company and to the extent that China Silver Group continues to exert significant influence over the Company, among others, account for the Company as its subsidiary. See the section headed "History, Reorganisation and Group Structure — Our Shareholding and Group Structure" in this prospectus for more details.

PRE-IPO INVESTMENTS

On 2 December 2016, each of Caitong Funds SPC and Best Conduct entered into the Original Third Party Subscription Agreement with, among others, CSMall Group BVI, whereby CSMall Group BVI agreed to allot and issue 60,059,000 shares and 58,000,000 shares in CSMall Group BVI to Caitong Funds SPC and Best Conduct, respectively, at the subscription price of RMB1.26 per share for an aggregate consideration of approximately RMB148,754,340 in cash. Caitong Funds SPC and Best Conduct settled and completed their subscription of shares in CSMall Group BVI on 5 December 2016 and 23 January 2017, respectively.

On 16 February 2017, our Company issued 60,059,000 Shares and 58,000,000 Shares to Caitong Funds SPC and Best Conduct, respectively, in consideration for their respective interests in CSMall Group BVI pursuant to the Third Party Subscription and Transfer Agreement dated 16 February 2017 among our Company, CSMall Group BVI and China Silver Group on the one hand, and Caitong Funds SPC and Best Conduct, respectively, on the other hand. The Third Party Subscription and Transfer Agreements supersede the Original Third Party Subscription Agreements. See the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments — Pre-IPO Investments" in this prospectus for more details.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

Immediately following the completion of the Loan Capitalisation Issue, the Distribution and the Global Offering, assuming the Over-allotment Option is not exercised, China Silver Group will directly hold and be entitled to exercise voting rights of 47.46% of the issued share capital of our Company. Accordingly, China Silver Group is our Controlling Shareholder under the Listing Rules. Except as disclosed in this prospectus, our Controlling Shareholder confirms that as of the Latest Practicable Date, none of it or its close associates has any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with the business of our Group and which is required to be disclosed under Rule 8.10 of the Listing Rules. To safeguard our Group from any potential competition with our Controlling Shareholder and its close associates, on 13 February 2018, our Controlling Shareholder has executed a Deed of Non-Competition in favour of our Company. Our Group has and will continue to carry on its business independently of our Controlling Shareholder and its associates. See the section headed "Relationship with Our Controlling Shareholder" in this prospectus for more details.

THE SPIN-OFF AND THE DISTRIBUTION

On 30 August 2017, our Controlling Shareholder announced that it had submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Spin-Off and that the Stock Exchange confirmed that it may proceed with the Spin-Off. The reduction of our Controlling Shareholder's shareholding interest in our Company following completion of the Spin-Off constitutes a major disposal of China Silver Group under the Listing Rules. The Spin-Off is subject to approval of the China Silver Shareholders under PN15 and the Listing Rules. Following completion of the Spin-Off, the Remaining Group will continue to operate the business of manufacturing high-grade silver ingots for industrial and trading purposes and Shanghai Huatong, an integrated precious metal exchange platform in China. Pursuant to the resolutions of our Shareholders passed on 13 February 2018 and 21 February 2018, subject to the Global Offering becoming unconditional in all respects, our Directors were authorised to allot and issue a total of 27,070,010 new Shares to China Silver Group under the Loan Capitalisation Issue and all of these new Shares shall be distributed to the Qualifying China Silver Shareholders in the manner set out in the section headed "Structure of the Global Offering — The Distribution". The Distribution will therefore be satisfied wholly by way of distribution in specie to the Qualifying China Silver Shareholders of such newly issued Shares under the Loan Capitalisation Issue, which represents approximately 3.15% of the then issued share capital of our Company immediately following completion of the Loan Capitalisation Issue and Distribution and before completion of the Global Offering, in proportion to their respective shareholdings in our Controlling Shareholder on the Record Date. See the section headed "The Spin-Off and the Distribution" in this prospectus for more details.

CONTRACTUAL ARRANGEMENTS AND THEIR TERMINATION

Our online business generates revenue from e-commerce transactions that fall into the category of online data processing and transaction processing services (operating e-commerce) (在線數據處理與交易處理業務(經營類電子商務)) under PRC laws and regulations. At the time when our online business was first developed, Shenzhen Guoyintongbao (as a wholly foreign owned enterprise) and its subsidiaries were restricted from engaging in operating e-commerce transactions under relevant PRC laws and regulations. Through the Contractual Arrangements which were entered into on 20 May 2014, Shenzhen Yinruiji and its direct non-wholly owned subsidiary, Jiangxi CSMall Payment were accounted for as subsidiaries of Shenzhen Guoyintongbao and their financial results were consolidated into the financial results of our Group during the Track Record Period. From 31 July 2014 until 22 August 2017, our Internet website, **www.csmall.com** (formerly known as **www.csmall.cn**), mobile website, **m.csmall.com** and mobile app, 金貓銀貓 CSmall were operated by Shenzhen Yinruiji, which held the VAT Licence (ICP).

Following certain changes to applicable PRC laws and regulations in the first half of 2015, wholly foreign owned enterprises are now permitted to hold the relevant licence to engage in operating e-commerce transactions. Baiyin Town obtained the VAT Licence (EDI) on 31 July 2017. On 9 August 2017, Shenzhen Yinruiji, Shenzhen Guoyintongbao, Mr. Chen, Mr. Qian and Baiyin Town entered into the Contractual Arrangement Termination Agreement pursuant to which it was agreed that the Contractual Arrangements shall terminate upon the satisfaction of certain conditions precedent. Such conditions precedent were satisfied on 22 August 2017 and the Contractual Arrangements were terminated on the same day. As a result of the termination of the Contractual Arrangements, our Group no longer has any interests, control, power or rights over Shenzhen Yinruiji and Jiangxi CSMall Payment. Upon the termination of the Contractual Arrangements, our Internet website, mobile website and mobile app have been operated by Baiyin Town which holds the VAT Licence (EDI). As advised by our PRC Legal Adviser, the Contractual Arrangement Termination Agreement is legally valid and binding on the relevant parties and is in compliance with all applicable PRC laws and regulations. See the section headed "History, Reorganisation and Group Structure — Our Former Subsidiaries and the Terminated Contractual Arrangements" in this prospectus for more details.

DIVIDENDS

Pursuant to the Cayman Islands Companies Law and our Articles of Association, we, through a general meeting, may declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. Our Board has the absolute discretion to recommend any dividends. Our Board may recommend a payment of dividends after taking into account our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Board may deem relevant. We declared no dividends during the Track Record Period. We do not have any specific dividend policy.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions and professional fees paid to the reporting accountants, legal advisers and other professional advisers for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the midpoint of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised, including underwriting commissions and excluding any discretionary incentive fee which may be payable by us) for the Global Offering are approximately RMB47.3 million. During the Track Record Period, we incurred listing expenses of approximately RMB26.6 million, of which RMB20.4 million was recognised as listing expenses and RMB6.2 million will be capitalised as deferred expenses that are expected to be charged against equity upon successful listing under the relevant accounting standards. We incurred additional listing expenses of approximately RMB3.0 million in November and December 2017 which is expected to be recognised as listing expenses for 2017. We expect to incur additional listing expenses of approximately RMB17.7 million in 2018, of which RMB4.0 million is expected to be recognised as listing expenses before listing and RMB13.7 million will be capitalised as deferred expenses that are expected to be charged against equity upon successful listing under the relevant accounting standards. Our Directors do not expect such expenses will have a material and adverse impact on our results of operations for the year ended 31 December 2017.

OFFERING STATISTICS

Offer size	:	Initially 21% of the enlarged issued share capital of our Company (including the Distribution and subject to the Over-allotment Option)
Offering structure	:	Initially 10.0% for the Hong Kong Public Offering (subject to adjustment) and 90.0% for the International Offering (subject to adjustment and the Over-allotment Option)
Over-allotment Option	:	Up to 15.0% of the number of Offer Shares initially available under the Global Offering
Offer Price per Share	:	HK$2.28 to HK$3.28 per Offer Share

	Based on an Offer Price of HK$2.28 per Offer Share	Based on an Offer Price of HK$3.28 per Offer Share
Our Company's market capitalisation upon completion of the Global Offering[1]	HK$2,402.2 million	HK$3,455.8 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company as of 31 October 2017 per Share[2]	HK$0.77	HK$0.96

(1) The number of Offer Shares initially available under the Global Offering is 194,183,990 (subject to the Over-allotment Option). For further information about our share capital, please refer to the section headed "Share Capital" in this prospectus.

(2) The unaudited pro forma adjusted net tangible assets of our Group attributable to owners of the Company as of 31 October 2017 per Share is arrived at after the adjustments referred to in Appendix II — "Unaudited Pro Forma Financial Information" to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming the Over-allotment Option is not exercised and an Offer Price of HK$2.78 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$481.5 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering. We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 65%, or HK$313.0 million, will be used to expand and optimise our integrated online and offline retail structure and enhance the online and offline synergies, of which: (1) approximately 62%, or HK$192.6 million, will be used to implement our CSmall Gift initiatives and other crossover marketing initiatives, including procuring adequate inventory establishing our CSmall Gift shops and increasing our staff size; (2) approximately 23%, or HK$72.2 million, will be used to develop our online sales channels, including to improve our sales and services offered through our self-operated online platform, primarily by upgrading our IT systems and enhancing the interface of our self-operated online jewellery platform; and (3) approximately 15%, or HK$48.1 million, will be used to develop our offline sales and service network, primarily by establishing more self-operated CSmall Shops in the more developed cities in the PRC with strong purchasing power.

- approximately 10%, or HK$48.1 million, will be used to strengthen our data collection, mining and utilisation capabilities, primarily by upgrading our IT infrastructure and data management systems, expanding our data analysis team and enhancing our software development capabilities.

- approximately 10%, or HK$48.1 million, will be used to improve our product design and development capabilities and enhance our inventory, order fulfilment and logistics management, primarily by expanding our in-house design team and expanding our warehouse and upgrading our order fulfilment facilities commensurate with the business needs.

- approximately 10%, or HK$48.1 million, will be used for our brand development and targeted sales and marketing campaigns.

- the remaining amount of approximately 5%, or HK$24.1 million, of the net proceeds, will be used for working capital and other general corporate purposes.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we intend to place the same in short-term deposits with licensed banks or financial institutions in the PRC or Hong Kong as permitted by the relevant laws and regulations. See the section headed "Future Plans and Use of Proceeds" in this prospectus for more details.

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks and uncertainties relating to an investment in our Shares. These risks include primarily: (1) risks relating to our business and industry, primarily including: (i) if we are unable to continue to offer a diversified product portfolio that meet the evolving market trends of and satisfy customer preference for jewellery products or unable to offer products that attract new customers or new purchases from existing customers, our business, financial condition and results of operations may be materially and adversely affected; (ii) if we are unable to maintain, enhance, innovate and adjust our New Jewellery Retail Model to evolve with the changing demands of customers, our ability to grow will be adversely affected, which will in turn adversely affect our business, financial condition, results of operation, and prospects; (iii) uncertainties relating to the growth, profitability and regulatory environment of the online jewellery retail industry in China could adversely affect our business, financial condition, results of operation and prospect; (iv) if we are unable to compete effectively, our business, financial condition and results of operations would be materially and adversely affected; and (v) our short operating history may make it difficult for investors to evaluate our business and future growth; (2) risks relating to doing business in the PRC; and (3) risks relating to the Spin-Off and the Global Offering. See the section headed "Risk Factors" in this prospectus for details.

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, there had been no litigation or arbitration or administrative proceedings pending or threatened against the Group or any of the Directors which could have a material adverse effect on the Group's financial condition or results of operations. Our Directors, as advised by our PRC Legal Adviser, have confirmed that as of the Latest Practicable Date, there were no breaches or violations of PRC Laws applicable to the Group that would have a material adverse effect on the Group's business or financial condition taken as a whole. The Group has obtained all material licenses, approvals and permits from appropriate regulatory authorities for our business operations in the PRC.

RECENT DEVELOPMENT

We plan to establish our in-house production capabilities in Jiangxi Jiyin to process silver ingots into silver bars and limited categories of other silver jewellery products such as silver bangles. We incurred capital expenditure in an amount of approximately RMB2.7 million in the ten months ended 31 October 2017 for purchases of production equipment and construction of the facilities. We are in the process of sourcing additional equipment and machinery and recruiting personnel for our production facilities at Jiangxi Jiyin. We expect to commence our in-house production in March 2018. See the section headed "Business — Our Brands and Products — Our Planned In-house Production" in this prospectus for more information.

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading position since 31 October 2017.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2017

We have prepared the following profit estimate for the year ended 31 December 2017.

Estimated consolidated profit attributable to owners of the Company(1)(3)	Not less than RMB96.9 million (approximately HK$119.5 million)
Unaudited pro forma estimated earnings per Share(2)(3)	Not less than RMB0.09 (approximately HK$0.11)

Notes:

(1) The basis on which the profit estimate has been prepared are set out in Appendix III to this prospectus. The estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2017 is based on the audited consolidated results of the Group for the ten months ended 31 October 2017 and the unaudited consolidated results of the Group based on the management accounts of the Group for the two months ended 31 December 2017.

(2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2017 and the weighted average number of shares that are outstanding during the year ended 31 December 2017 and on the assumption that the Global Offering had been completed on 1 January 2017, resulted in a weighted average of 1,023,022,100 Shares for the year ended 31 December 2017. The calculation or the estimated earnings per Share does not take account of any Shares which may be issued and alloted pursuant to the Loan Capitalisation Issue or any Shares which may be issued or repurchased pursuant to the Company's general mandates.

(3) The estimated consolidated profit attributable to owners of the Company and the unaudited pro forma estimated earnings per Share are converted into Hong Kong dollars at the exchange rate of RMB1.00 to HK$1.2331. No presentation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"AQSIQ"	the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局)
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on 13 February 2018, and as amended, supplemented or otherwise modified from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting processes of our Company and audits of the financial statements of our Company
"Baiyin Town"	Baiyin Town (Shanghai) Cultural Industry Company Limited* (白銀小鎮(上海)文化產業有限公司), a limited liability company established in the PRC on 10 November 2016 and our wholly owned subsidiary
"Best Conduct"	Best Conduct Investments Limited, being one of our Shareholders through the Pre-IPO Investments, which is a company incorporated in the BVI on 21 September 2007 and held as to 70% by Mr. SHI Jinglei (石勁磊) and 30% by Mr. HUANG Yuanzhe (黃遠哲)
"Blaze Loop"	Blaze Loop Limited, being one of our Shareholders through the Employee Share Scheme, which is a company incorporated in the BVI on 27 November 2015. Blaze Loop's sole legal shareholder is Mr. Lin, who holds the Shares held by Blaze Loop on trust for certain employees of our Group
"Board"	our board of Directors
"business day"	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business
"BVI"	the British Virgin Islands
"Caitong Funds SPC"	Caitong Funds SPC (on behalf of and for the benefit of Caitong Pine Ocean New Economy Fund SP), being one of our Shareholders through Pre-IPO Investments, which is a segregated portfolio company incorporated in the Cayman Islands on 21 October 2013 and managed by Caitong International Asset Management Co., Limited
"Cayman Islands"	the Cayman Islands
"Cayman Islands Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, CCASS Custodian Participant or CCASS Investor Participant
"CECA"	the China Electronic Commerce Association (中國電子商務協會)
"CEO" or "co-CEO"	chief executive officer or co-chief executive officer
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"China Silver Group"	China Silver Group Limited (中國白銀集團有限公司), a limited liability company incorporated in the Cayman Islands on 19 July 2012 under the Cayman Islands Companies Law, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00815), and our Controlling Shareholder
"China Silver Jewellery"	China Silver Jewellery Group Limited (中國白銀珠寶集團有限公司), formerly known as China Silver Group Co., Limited (中國白銀集團有限公司) before 11 September 2012, a limited liability company established in Hong Kong on 23 November 2011 and our wholly owned subsidiary
"China Silver Shareholders"	holder(s) of China Silver Shares
"China Silver Shares"	ordinary shares of HK$0.01 each in the share capital of China Silver Group
"close associate(s)"	has the meaning ascribed to it in the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	CSMall Group Limited (金貓銀貓集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 19 January 2017
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Contractual Arrangements"	the agreements entered into between, among others, Shenzhen Guoyintongbao and Shenzhen Yinruiji that resulted in Shenzhen Yinruiji and Jiangxi CSMall Payment becoming accounted for as our subsidiaries during the Track Record Period, salient terms of which are set out in the section headed "History, Reorganisation and Group Structure — Our Former Subsidiaries and the Terminated Contractual Arrangements — The Contractual Arrangements" in this prospectus, which have been terminated on 22 August 2017
"Contractual Arrangement Termination Agreement"	the agreement entered into among Shenzhen Yinruiji, Shenzhen Guoyintongbao, Mr. Chen, Mr. Qian and Baiyin Town on 9 August 2017 to terminate the Contractual Arrangements, salient terms of which are set out in the section headed "History, Reorganisation and Group Structure Our Former Subsidiaries and the Terminated Contractual Arrangements Termination of the Contractual Arrangements" in this prospectus
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules, and in the context of this prospectus, refers to the controlling shareholder of our Company, being China Silver Group
"CSmall Gift initiatives"	our crossover sales and marketing initiatives, through which we sell jewellery products or CSmall Gift credits to our CSmall Gift partners on a wholesale basis and our CSmall Gift partners can grant CSmall Gift credits to their customers for an aggregate amount up to the retail price value of the jewellery products they have sourced from us. The CSmall Gift credits can then be redeemed by the customers of our CSmall Gift partners for an equivalent or discounted dollar amount of the purchase they made with our CSmall Gift partners. We have, to a limited extent, granted CSMall Gift credits directly to our online retail customers for promotion purposes during the period between April 2017 and mid-August 2017. Please see the section headed "Business — Our CSmall Gift Initiatives" for further details
"CSmall Gift partners"	the business partners that we cooperate with under our CSmall Gift initiatives
"CSMall Group BVI"	CSMall Group Limited (金貓銀貓集團有限公司), a limited liability company incorporated in the BVI on 22 February 2016 and our wholly owned subsidiary
"CSMall Holdings BVI"	CSMall Holdings Limited (金猫银猫控股有限公司), a limited liability company incorporated in the BVI on 24 December 2015 and our wholly owned subsidiary
"CSmall Shop(s)"	our physical shop(s) selling our jewellery products, including self-operated CSmall Shop(s), jointly operated CSmall Shop(s) and franchised CSmall Shop(s)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets

"Deed of Indemnity"	the deed of indemnity dated 13 February 2018 and executed by our Controlling Shareholder in favour of our Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 5. Indemnity Given by the Controlling Shareholder" in Appendix V to this prospectus
"Deed of Non-Competition"	the deed of non-competition dated 13 February 2018 and executed by our Controlling Shareholder in favour of our Company, details of which are set out in the section headed "Relationship with Our Controlling Shareholder — Non-Competition Undertaking" in this prospectus
"Diamond Port"	Diamond Port Holdings Limited, being one of our Shareholders through the Employee Share Scheme, which is a company incorporated in the BVI on 18 January 2017 and whose sole shareholder is Mr. Zhang, a Director. Diamond Port is a connected person of our Company
"Director(s)"	the director(s) of our Company
"Distribution"	conditional special interim dividend declared by China Silver Group to be satisfied by way of a distribution in specie of an aggregate of 27,070,010 Shares to be issued to China Silver Group pursuant to the Loan Capitalisation Issue, to the Qualifying China Silver Shareholders, subject to the satisfaction of the conditions as described in the section headed "Structure of the Global Offering — The Distribution" in this prospectus
"EIT Law"	the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法》) issued by the National People's Congress promulgated on 16 March 2007 and amended on 24 February 2017, and the Regulations for the Implementation of the Law on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on 6 December 2007
"Employee Share Scheme"	the employee share scheme as described in the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments — Employee Share Scheme" in this prospectus
"Employee Subscribers"	63 employees of our Group, including Mr. Chen, Mr. Qian and Mr. Zhang, our executive Directors
"Employee Subscription and Transfer Agreement"	the subscription and transfer agreement dated 16 February 2017 entered into between our Company, Blaze Loop, Silver Apex, Treasure Delight, Mr. Lin, Mr. Chen, Mr. Qian, CSMall Group BVI and China Silver Group, particulars of which are set out in the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments — Employee Share Scheme" of this prospectus
"Enterprise Income Tax" or "EIT"	the PRC enterprise income tax payable under the EIT Law
"Euro(s)"	the single, unified, lawful currency of those member states of the European Union participating in the Economic and Monetary Union

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party
"Frost & Sullivan Report"	an industry report commissioned by us and prepared by Frost & Sullivan
"FY Silver"	Zhejiang Fuyin Baiyin Company Limited* (浙江富銀白銀有限公司), a limited liability company established in the PRC on 28 March 2012 and a wholly owned subsidiary of our Controlling Shareholder. FY Silver is a connected person of our Company
"GBP"	British pounds, the lawful currency of the United Kingdom
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Gold products"	our products primarily made of gold with a purity grade of no less than 99.9% (999 gold), which comprise gold bars and other gold jewellery products taking the form of rings, earrings, necklaces, pendants, bracelets, charms, brooches, statues, collectibles, among others
"**GREEN** Application Form(s)"	the application form(s) to be completed by **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group" or "we" or "our" or "us"	(i) our Company and its subsidiaries, or where the context refers to any time prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries or their predecessors (as the case may be); (ii) the business of Longtianyong during the Relevant Period manufacturing silver products through external OEMs using its silver ingots and sale of such silver products to Shenzhen Guoyintongbao as well as to Independent Third Party end customers, which had ceased since April 2016; and (iii) the business of FY Silver during the Relevant Period purchasing silver products from Shenzhen Guoyintongbao for on-sale to Independent Third Party end customers which had ceased since September 2016
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 19,420,000 new Shares (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus) being offered by us for subscription under the Hong Kong Public Offering

"Hong Kong Public Offering"	the issue and offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong for cash at the Offer Price (plus brokerage, SFC transaction levies, and Stock Exchange trading fees), subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms as further described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Tax Treaty"	the Treaty on the Avoidance of Double Taxation and Tax Evasion between Mainland and Hong Kong (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》)
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 26 February 2018, relating to the Hong Kong Public Offering entered into by, among others, our Company, our Controlling Shareholder, the Sole Global Coordinator and the Hong Kong Underwriters, particulars of which are set out in the section headed "Underwriting" in this prospectus
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquires, are independent of our Company and our connected persons within the meaning ascribed under the Listing Rules
"International Financial Reporting Standards" or "IFRSs"	Financial reporting standards and interpretations approved by the International Accounting Standards Board, and includes all International Accounting Standards and interpretations issued under the former International Accounting Standards Committee from time to time
"International Offering"	the conditional placing of the International Offer Shares to institutional, professional and other investors as set out in the section headed "Structure of the Global Offering" in this prospectus
"International Offer Shares"	the 174,763,990 new Shares (subject to adjustment and the Over-allotment Option) to be offered by us for subscription under the International Offering described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering which is expected to be entered into, among others, the Sole Global Coordinator, the International Underwriters and our Company on or around the Price Determination Date

"Jiangxi CSMall Payment"	Jiangxi CSMall Payment Company Limited* (江西金貓銀貓支付有限公司), a limited liability company established in the PRC on 15 July 2015 and owned as to 55% by Shenzhen Yinruiji and 45% by Jiangxi Xinhe Enterprise Co., Ltd. (江西新和實業有限公司), an Independent Third Party. By virtue of the Contractual Arrangements, Jiangxi CSMall Payment was accounted for as our subsidiary from 20 May 2014 until 22 August 2017 and ceased to be accounted for as our subsidiary from 22 August 2017 following the termination of the Contractual Arrangements
"Jiangxi Jiyin"	Jiangxi Jiyin Company Limited* (江西吉銀實業有限公司), a wholly foreign owned enterprise established on 12 November 2013 and our wholly owned subsidiary
"Jiangxi Longtianyong" or "Longtianyong"	Jiangxi Longtianyong Nonferrous Metals Co., Ltd.* (江西龍天勇有色金屬有限公司), a limited liability company established in the PRC on 22 May 2002 and a wholly owned subsidiary of our Controlling Shareholder. Jiangxi Longtianyong is a connected person of our Company
"Jingning Sheyin"	Jingning Sheyin Culture Company Limited* (景寧畲銀文化有限公司), a company established in the PRC on 22 August 2016 and our wholly owned subsidiary
"Joint Lead Managers"	China Merchants Securities (HK) Co., Limited and Head & Shoulders Securities Limited
"Latest Practicable Date"	19 February 2018, being the latest practicable date for the purpose of ascertaining certain information in this prospectus
"Listing"	the listing of our Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Tuesday, 13 March 2018, on which our Shares are listed on the Main Board
"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
"Listing Segment"	our Group's sole reporting segment, which includes the business of design and sales of gold, silver, gem-set and other jewellery products in the PRC, the concept of which is adopted to illustrate the profitibility of our business having regard to the cost of silver ingots at their prevailing market rates during the Relevant Period
"Loan Capitalisation Issue"	the 27,070,010 Shares to be allotted and issued to China Silver Group upon the capitalisation of outstanding liabilities amounting to 27,070,010 Shares multiplied by the final Offer Price per Share (being not more than the RMB equivalent of HK$88,789,633) owed by our Group to China Silver Group, our Controlling Shareholder, referred to in the section headed "Statutory and General Information — A. Further Information about our Company — 3. Resolutions of our Shareholders passed on 13 February 2018 and 21 February 2018" in Appendix V to this prospectus
"Main Board"	the Main Board of the Stock Exchange

"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company, conditionally adopted on 13 February 2018, as amended, supplemented or otherwise modified from time to time
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部), as appropriate to the context
"Mr. Chen"	Mr. CHEN He (陳和), a Director and co-CEO
"Mr. Lin"	Mr. LIN Ting (林挺), an employee of our Group and the trustee under the Employee Share Scheme
"Mr. Qian"	Mr. QIAN Pengcheng (錢鵬程), a Director
"Mr. Zhang"	Mr. ZHANG Jinpeng (張金鵬), a Director and co-CEO
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"New Jewellery Retail Model"	a retail model which we adopt to sell jewellery products. Such a model is based on an integrated online and offline retail structure and incorporates four complementary elements, being (i) a comprehensive e-commerce platform, (ii) easily accessible offline sales and service network, (iii) data mining and utilisation capabilities, and (iv) innovative crossover sales and marketing initiatives
"New Trust Deed"	the trust deed dated 16 February 2017 entered into between our Company, Blaze Loop (as settlor) and Mr. Lin (as trustee), particulars of which are set out in the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments — Employee Share Scheme" of this prospectus
"Nomination Committee"	a committee of the Board established by the Board to make recommendations to our Board in relation to the appointment and removal of Directors and senior management, and on matters of succession planning
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of a brokerage fee of 1.0%, a SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with the additional Shares issued under the exercise of the Over-allotment Option (if any)
"Old Trust Deed"	the trust deed dated 6 June 2016 entered into between CSMall Group BVI, Blaze Loop (as settlor) and Mr. Lin (as trustee), particulars of which are set out in the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments — Employee Share Scheme" of this prospectus

"our self-operated online platform"	the online platform operated by the Group that comprises the Internet website, **www.csmall.com**, the mobile website, **m.csmall.com**, and the mobile App, 金貓銀貓 CSmall
"Over-allotment Option"	the option to be granted by our Company to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters, pursuant to which we may be required to allot and issue up to 29,127,598 additional Shares (representing in aggregate approximately 15% of the Shares initially being offered under the Global Offering) at the Offer Price to cover over-allocation in the International Offering and/or close out any covered short position by the Stabilising Manager, details of which are described in the section headed "Structure of the Global Offering — The International Offering — Over-allotment Option" in this prospectus
"Overseas Excluded China Silver Shareholders"	a China Silver Shareholder whose address on the register of members of China Silver Group is in a jurisdiction outside Hong Kong on the Record Date who is excluded from the entitlement to receive Shares under the Distribution as the directors of China Silver Group, having made relevant enquiries, have resolved such exclusion to be necessary or expedient on account that such jurisdiction or jurisdictions, in the absence of a registration statement or other special formalities, would or might, in their opinion, be unlawful or impracticable
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PN15"	Practice Note 15 of the Listing Rules
"PN15 Announcement"	an announcement dated 30 August 2017 issued by China Silver Group in respect of the Spin-Off
"PRC government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
"PRC Legal Adviser"	Jingtian & Gongcheng
"Pre-IPO Investments"	the pre-IPO investments by Caitong Funds SPC and Best Conduct as described in the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments — Pre-IPO Investments" in this prospectus
"Price Determination Date"	the date on which the Offer Price is fixed for the purpose of the Global Offering
"Qualifying China Silver Shareholders"	China Silver Shareholders on the register of member of China Silver Group on the Record Date other than the Overseas Excluded China Silver Shareholders
"Record Date"	Monday, 26 February 2018, being the record date for China Silver Shareholders to ascertain entitlements to the Distribution
"Regulation S"	Regulation S under the U.S. Securities Act

"Relevant Period"	the two years ended 31 December 2015 and the three months ended 31 March 2016
"Remaining Group"	China Silver Group and its subsidiaries after completion of the Spin-Off, which excludes our Group
"Remuneration Committee"	a committee of the Board established by the Board to discharge the Board's responsibilities relating to the remuneration of Directors and executive officers of our Company
"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments" in this prospectus
"Reporting Accountants"	Deloitte Touche Tohmatsu
"Retained Businesses"	the manufacturing business and the silver exchange business of China Silver Group, details of which are more specifically set out in the section headed "Relationship with Our Controlling Shareholder" in this prospectus
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAFE Circular 13"	the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), issued by the SAFE on 13 February 2015
"SAFE Circular 19"	the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), issued by the SAFE on 30 March 2015
"SAFE Circular 37"	the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), issued by the SAFE on 4 July 2014
"SAFE Circular 75"	the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), issued by the SAFE on 21 October 2005
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)

"SAT Circular 601"	the Notice on Understanding and Determining Beneficial Owners in Tax Treaties (關於如何理解和認定稅收協定中"受益所有人"的通知), issued by SAT on 27 October 2009
"Securities and Futures (Stock Market Listing) Rules"	the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified 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 limited liability company established in the PRC on 22 January 2017, which is an integrated precious metal exchange platform in China
"Shanghai Jitian"	Shanghai Jitian Jewellery Company Limited* (上海集天珠寶有限公司), a limited liability company established in the PRC on 23 January 2015 and one of our franchisees, an Independent Third Party
"Share(s)"	ordinary share(s), with nominal value of US$0.0001 each, in the share capital of our Company
"Shareholder(s)"	holder(s) of the Shares
"Shenzhen Exhibition Hall"	our jewellery products exhibition hall located in Shuibei, Shenzhen
"Shenzhen Futian COCO Park"	Futian Xinghe COCO Park Shopping Mall (福田星河COCO Park商場), which is located in No. 3 Fuhua Road, Futian District, Shenzhen, Guangdong, the PRC
"Shenzhen Guojintongbao"	Shenzhen Guojintongbao Company Limited* (深圳國金通寶有限公司), a limited liability company established in the PRC on 25 August 2014 and our wholly owned subsidiary
"Shenzhen Guoyintongbao"	Shenzhen Guoyintongbao Company Limited* (深圳國銀通寶有限公司), a wholly foreign owned enterprise established on 25 October 2013 and our wholly owned subsidiary
"Shenzhen Xinguangyi"	Shenzhen Xinguangyi Cultural Development Company Limited* (深圳市新光藝文化發展有限公司), a limited liability company established in the PRC on 15 April 2011 and one of our franchisees, an Independent Third Party
"Shenzhen Yinruiji"	Shenzhen Yinruiji Cultural Development Company Limited* (深圳銀瑞吉文化發展有限公司), a limited liability company established in the PRC on 26 February 2014, which was accounted for as our subsidiary during the Track Record Period until 22 August 2017 by virtue of certain Contractual Arrangements and ceased to be accounted for as our subsidiary from 22 August 2017 following the termination of the Contractual Arrangements
"Shenzhen Yunpeng"	Shenzhen Yunpeng Software Development Company Limited* (深圳雲鵬軟件開發有限公司), a limited liability company established in the PRC on 12 June 2016 and our wholly owned subsidiary

"Silver Apex"	Silver Apex Holdings Limited, being one of our Shareholders through the Employee Share Scheme, which is a company incorporated in the BVI on 16 December 2015 and whose sole shareholder is Mr. Chen, a Director. Silver Apex is a connected person of our Company
"Silver products"	our products primarily made of silver with a purity grade of no less than 92.5% (including 925 silver and fine silver), which comprise silver bars and other silver jewellery products taking the form of rings, earrings, necklaces, pendants, bracelets, charms, brooches, statues, homewares, collectibles, among others
"Sole Bookrunner", "Sole Global Coordinator" or "Sole Sponsor"	China Merchants Securities (HK) Co., Limited
"Spin-Off"	the spin-off of our Company by way of Listing to be effected by the Distribution and the Global Offering
"Stabilising Manager"	China Merchants Securities (HK) Co., Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilising Manager (or its affiliates acting on its behalf) and China Silver Group, pursuant to which China Silver Group will agree to lend up to 29,127,598 Shares to the Stabilising Manager on the terms set forth therein
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs
"Track Record Period"	the financial years of our Company ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2017
"Treasure Delight"	Treasure Delight International Limited, being one of our Shareholders through the Employee Share Scheme, which is a company incorporated in the BVI on 16 December 2015 and whose sole shareholder is Mr. Qian, a Director. Treasure Delight is a connected person of our Company
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated under it

"VAT Licence (EDI)"	the Approval for the Pilot Operation of the Value-Added Telecommunications Business by Foreign Investors in China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區外商投資經營增值電信業務試點批覆), also known as the Value-Added Telecommunication Business Licence (增值電信業務許可證), obtained by Baiyin Town on 31 July 2017, the approved business being online data processing and transaction processing services (Operating E-commence)
"VAT Licence (ICP)"	the Value-Added Telecommunication Business Licence (Internet Information Services) (增值電信業務許可證(互聯網信息服務業務)) obtained by Shenzhen Yinruiji on 9 June 2014
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's or applicants' own name(s)
"**White Form eIPO**"	the application process for Hong Kong Offer Shares with applications issued in applicant's own name and submitted online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO Service Provider**"	Computershare Hong Kong Investor Services Limited
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
"Zhejiang Furuihong"	Zhejiang Furuihong Jewellery Company Limited* (浙江福瑞宏珠寶首飾有限公司), a limited liability company established in the PRC on 19 December 2013 and one of our franchisees, an Independent Third Party
"Zhejiang CSmall Jewellery"	Zhejiang CSmall Jewellery Co., Ltd.* (浙江金貓銀貓珠寶首飾有限公司), a wholly foreign owned enterprise established in the PRC on 27 October 2017 and our wholly owned subsidiary
"%"	per cent

The English translations of the names of PRC laws, rules and regulations printed in this prospectus are not official names for, and do not form any official part of, such laws, rules and regulations.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of entity and company's name in Chinese which are marked with "*" is for identification purpose only.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary contains explanations of certain terms used in this prospectus in connection with our Company and our business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"App"	or "application software", a computer programme designed to run on smart-phones, tablet computers, or similar mobile devices
"B2B"	business-to-business
"B2B2C"	business-to-business-to-customer, a combination of B2B and B2C sales models, through which a product or service provider enters into a B2B relationship with a distributor or a retailer, which will then provide the product or service to end customers under a B2C relationship
"B2C"	business-to-customer
"CAGR"	compound annual growth rate, a measurement to assess the growth rate of value over time
"ERP"	enterprise resource planning, the integrated management of core business processes including product design and development, production, procurement, inventory management, and sales and marketing
"gemstones"	natural mineral crystals and stones that can be cut and polished to make jewellery. Examples of gemstones include coloured stones, jadeite and pearls
"IP"	refers to the number of visits with a specific Internet protocol address to our self-operated online platform for the relevant period (for clarification purpose, an online user with a specific Internet protocol visits our self-operated online jewellery platform 100 times during the relevant period, it is recorded as 100 PV and 1 IP for such period)
"IT"	information technology, the development, implementation and maintenance of hardware and software systems for electronic organisation and communication of information
"OEM"	an original equipment manufacturer, a company that manufactures a product in accordance with its customer's designs which ultimately will be branded by its customer for sale
"payment-on-delivery"	one of the payment options we offer, through which our customers who make certain online purchases on our self-operated online platform can make the full payments to our authorised courier companies upon delivery of the purchased products to such customers
"POS system"	point of sales system that is generally adopted by shopping malls or department stores for recording and settling customer payments
"PV"	page view, refers to the number of visits to our self-operated online platform for the relevant period

"QR code"	quick response code, refers to a type of matrix barcode which stores information and can be read by a digital device
"R&D"	research and development
"RFID"	radio frequency identification, a technology for data acquisition by way of radio frequency between transponders and a host system
"SKU"	stock-keeping unit, a unique identifier for each distinct product, as distinguished by style, size and colour, that can be purchased
"UV"	unique viewer, refers to the number of visits to our self-operated online platform with a specific registered user account for the relevant period

This prospectus contains forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. The forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- our future debt levels and capital needs;
- general economic, political and business conditions of the PRC;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to expand and optimise our integrated online sales channels and offline sales and service network and enhance their synergies;
- our ability to implement our diversified sales and marketing initiatives, including our CSmall Gift initiatives, and achieve the desired results;
- our ability to maintain or enhance our gross profit margin;
- our plans to diversify product mix;
- our ability to strengthen our data collection, analytical and ultilisation capabilities;
- our ability to control or reduce costs;
- our ability to cater to diverse and changing market trend and consumer preferences by offering competitive products;
- our ability to maintain a strong relationship with our customers, suppliers, OEM contractors and delivery service providers;
- our ability to enhance our operations of our warehouse and order fulfilment facilities;
- our ability to recruit and retain qualified and professional staff and management personnel for our business and future developments;
- our operation and capital expenditure plans;
- the actions and developments of our competitors;
- capital market developments; and
- certain statements in the section headed "Financial Information" in this prospectus with respect to pricing, volumes, operations, margins, overall market trends, risk management, interest rates and foreign exchange rates.

The words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including those discussed in the section headed "Risk Factors" in this prospectus. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our financial condition and actual results of operations may be materially and adversely affected and may vary significantly from those described herein as anticipated, believed or expected, as well as from historical results. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. You should pay particular attention to the fact that all of our business is located in the PRC and we are governed by a legal and regulatory environment which may differ in some respects from that which prevails in other countries. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The trading price of our Shares could also decrease significantly due to any of these risks and you may lose all or part of your investment. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may arise or become material in the future and may have a material adverse effect on our Group.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to continue to offer a diversified product portfolio that meet the evolving market trends of and satisfy customer preference for jewellery products or unable to offer products that attract new customers or new purchases from existing customers, our business, financial condition and results of operations may be materially and adversely affected.

Our business model focuses on the sale of a diversified range of jewellery products that meet our objective of fast fashion and affordable luxury. Our future growth depends on our ability to continue to attract new customers as well as new purchases from existing customers. Constantly changing customer preferences and purchase trends have affected and will continue to affect the jewellery retail industry in China. We must stay abreast of emerging customer preferences and anticipate product trends that will appeal to existing and potential customers. Our ability to offer diversified product portfolio is largely dependent on, among others, our ability to accurately and reliably track, collect and analyse our users' browsing and purchasing behaviour, whether online or offline. If our customers cannot find their desired products at attractive prices, we may lose sales opportunities and market share, which in turn may materially and adversely affect our business, financial condition and results of operations.

As we diversify and expand our product portfolio, we need to invest in new designs and cooperate with different designers, recruit more staff with expertise in managing different product categories, collect and analyse sales and customer data, and enhance our operational and financial systems, internal procedures and internal control. It may also require us to address the needs of different kinds of end customers and therefore we need to develop new marketing strategies to accommodate such needs. All of these endeavours involve risks and uncertainty, and require substantial planning, skillful execution and significant expenditures. There is no assurance that we will be successful in diversifying and expanding our product portfolio or that we will be able to achieve broad consumer acceptance and be able to recoup any investments we make in introducing new product categories.

There is also no assurance that we will be able to successfully integrate new product categories into our existing product portfolio. Our new product categories may achieve lower sales than that of our existing product categories or their introduction could affect the sales of our existing product categories, which in each case, would adversely affect our overall profitability and results of operations. We cannot assure you that we will maintain an optimised product portfolio at all times, failing which, our business, financial condition and results of operations may be materially and adversely affected.

If we are unable to maintain, enhance, innovate and adjust our New Jewellery Retail Model to evolve with the changing demands of customers, our ability to grow will be adversely affected, which will in turn adversely affect our business, financial condition, results of operation, and prospects.

Our historical success has largely depended, among others, on our successful implementation of our New Jewellery Retail Model which integrates four complementary elements — a comprehensive e-commerce platform, easily accessible offline sales and service network, data mining and utilisation capabilities, and innovative crossover sales and marketing initiatives. If any aspect of these elements is compromised or fails to maintain their competitiveness or fails to integrate, whether due to lack of innovation or cost effectiveness, inadequate quality of products or service, or we fail to ramp up and enhance our data mining and utilisation capabilities, our New Jewellery Retail Model and in turn our business, financial condition, results of operations and prospects, will suffer.

For example, we expect our integrated online sales channels and offline sales and service network to complement, support and promote each other, and thereby create synergies which contribute to the expansion of our customer base. However, this strategy may not be effectively executed or achieve the results we expect. If we fail to balance the marketing efforts or optimise product offerings and pricing strategies among our online sales channels and offline sales and service network, or otherwise fail to enhance the synergies and integration of these channels, the competition among these channels may result in an overall decrease in our sales. In addition, although we supervise the sales activities of our independent franchisees, we cannot assure you that they will comply with our pricing policies at all times and will not compete using aggressive discounts, which could lead to negative customer perception of the products we sell among our sales channels.

Further, any failure on our part to continue enhancing and integrating our users' convenient and reliable online to offline shopping experience, increasing brand awareness among existing and potential customers, maintaining the quality of the products and services we offer, and any negative media publicity about online jewellery sales could damage our market recognition and reputation.

We have rolled out a variety of sales and marketing initiatives to promote our products under the New Jewellery Retail Model, such as our CSmall Gift initiatives since September 2016 whereby we sell our jewellery products and CSMall Gift credits to our CSmall Gift partners on a wholesale basis, which they then allow their customers to redeem as gifts. See the section headed "Business — Our CSmall Gift Initiatives" in this prospectus. In addition, we launch certain targeted marketing initiatives from time to time, for example, during the PRC National Day holidays (the Golden Week), Single's Day online shopping festival, Christmas, Chinese New Year holidays and Valentine's Day. These initiatives, which may involve significant price discounts, may not be well received by customers and may not achieve the level of product sales that we expect, which may in turn result in loss of sales opportunities as well as our market share. As marketing methods in the jewellery industry in China continue to evolve, we will need to enhance our marketing initiatives and work with a variety of partners to keep pace with industry developments and customer preferences. In addition, the continuing success of these initiatives will depend on our ability to impose proper internal control measures to monitor the effectiveness of these initiatives such as control over the level of discounts that may be granted, the monitoring of CSMall Gifts credits granted and redeemed by customers, among others. Failure to refine or develop effective marketing approaches in a cost-effective manner or maintain and develop relationships with appropriate partners, or monitor the effectiveness of these initiatives could reduce our market share, cause our sales to decline and negatively impact our profitability.

Uncertainties relating to the growth, profitability and regulatory environment of the online jewellery retail industry in China could adversely affect our business, financial condition, results of operation and prospect.

We rely on online sales as a key source of our revenue. The revenue from the sales of our jewellery products through our online sales channel was RMB47.9 million, RMB345.8 million and RMB1,950.5 million, RMB1,417.3 million and RMB2,391.1 million, respectively, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, accounting for 16.5%, 41.4%, 79.1%, 77.9% and 75.8%, respectively, of our total revenue in the same periods. Nonetheless, there is no guarantee that the online gold, silver and jewellery product sales in China will continue to grow at the estimated rate or at all. Furthermore, the long-term viability and prospects of various online retail business models in China remain relatively untested. The development of the online retail industry in China depends on many factors, most of which are beyond our control, including:

- the growth of Internet, mobile services, broadband, personal computer and mobile penetration and usage as well as online retailing in China;
- the trust and confidence level of online shoppers in China, as well as changes in customer demographics and customer tastes and preferences;

- the selection, price and popularity of products that we and our competitors offer online;
- the emergence and development of alternative retail channels or business models that better address the needs of end-customers; and
- the development of order fulfilment, payment and other ancillary services associated with online purchases.

A decline in the popularity of online shopping or any failure to improve the online shopping experience of end customers in response to trends and customer requirements may adversely affect our sales, operations and growth prospects.

Furthermore, China's online jewellery retail industry is sensitive to macroeconomic changes. Many factors that are beyond our control can adversely affect customer confidence and spending, including inflation, stock and property market conditions, interest rates, tax rates and other government policies and unemployment rates, which could in turn materially and adversely affect our growth prospects and profitability.

In addition, operation of our online sales channels is subject to extensive legal and governmental regulation in China as well as governmental supervision and regulation by relevant PRC governmental authorities, including but not limited to the Ministry of Commerce and the MIIT. These government authorities promulgate and enforce regulations that cover many aspects of the operation of the online retail industry, including entry into the industry, the scope of permissible business activities, licenses and permits for various business activities and foreign investment. If we are not able to obtain or renew the necessary government permits and licenses, our results of operations and prospects could be materially and adversely affected. See the sections headed "Regulation" and "Business — Licences, Regulatory Approvals and Compliance" in this prospectus for more information. If the PRC government considers that we were operating without the proper approvals, licenses or permits, it may, among other things, levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material and adverse effect on our business, results of operation and financial condition. Furthermore, as online retail is evolving rapidly in China, new laws and regulations may be adopted from time to time to require additional licenses and permits other than those we currently have, and to address new issues that arise from time to time. As a result, substantial uncertainties exist regarding the interpretation and implementation of PRC laws and regulations applicable to online retail businesses. If we are unable to maintain and renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on commercially reasonable terms or at all, our operations could be disrupted.

If we are unable to compete effectively, our business, financial condition and results of operations would be materially and adversely affected.

The jewellery retail industry in China is highly fragmented and competitive. Our main competitors are online jewellery retailers, including those which adopt an integrated online and offline sales model or a purely online sales model. In addition, we also face competition from offline jewellery retailers and distributors, many of whom possess significant brand recognition, sales volume and customer bases, and some of which currently sell, or in the future may sell, products or services through their online service platforms. See the section headed "Industry Overview — Overview of the Jewellery Retail Market in the PRC" in this prospectus for more information. Some of our existing and potential competitors have significantly greater financial, technical or marketing resources than we do. In addition, some of our competitors or new entrants may be acquired by, receive investments from or enter into strategic relationships with, well-established and well-financed companies or investors which would help enhance their competitive positions. Some of our competitors may be able to secure jewellery products from suppliers on more favourable terms, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing or inventory availability policies and devote substantially more resources to website and information system development than we do.

In addition, we anticipate that China's jewellery retail market will continually evolve. Our ability to compete depends on a number of other factors as well, some of which may be out of our control, including:

- continuously integrating our online sales channels and offline sales and service network and creating anticipated synergies;
- continuously innovating and adjusting our business and sales channels to accommodate the evolving New Jewellery Retail Model;
- timely introducing jewellery products meeting the market trends and our customers' preferences;
- continuously maintaining or strengthening our leading market position in the integrated online and offline jewellery business;
- sourcing products and supply efficiently;
- pricing our products competitively;
- maintaining the quality of the products sold through our sales channels;
- anticipating and quickly responding to changing technologies and product trends;
- providing quality customer services; and
- conducting effective marketing activities.

There can be no assurance that we will be able to compete successfully against current and future competitors, or that we will be able to address the challenges we face. Our failure to properly respond to increased competition and the above challenges may reduce our profit margins, market share and brand recognition, or force us to incur losses, which will have a material adverse effect on our business, prospects, financial condition and results of operations.

Our short operating history may make it difficult for investors to evaluate our business and future growth.

We commenced the operation of our jewellery retail business in October 2013 and our integrated online and offline jewellery retail model from the third quarter of 2014. Accordingly, we have a limited operating history upon which it may be difficult to evaluate the viability and prospects of our business. See the section headed "History, Reorganisation and Group Structure" in this prospectus for more information about the history and development of our business.

Our revenue increased significantly from RMB291.2 million in 2014 to RMB835.3 million in 2015 and further to RMB2,465.3 million in 2016, representing a CAGR of 191.0% from 2014 to 2016. Our revenue continued to increase by 73.3% to RMB3,154.4 million in the ten months ended 31 October 2017 compared to RMB1,819.7 million in the same period in 2016. However, we may not be able to achieve similar results or growth in the future. You should not rely on our historical results of operations or our segment revenue and results as an indication of our future performance. It is also difficult to evaluate our prospects based on our short operating history, because we may not have sufficient experience to address the risks frequently encountered by companies operating in new and rapidly evolving markets, such as the online retail of jewellery products. We may not be able to successfully address these risks and difficulties, which could materially harm our business, financial condition and results of operations.

Our future profitability may be adversely affected by our product mix.

During the Track Record Period, the gross profit margin of our sales of silver products is generally higher than that of our sales of gold products, mainly due to the lower costs of former products' raw materials and our ability to charge for the more complicated casting work for our silver products. Our gross profit margin (based on cost of sales at historical cost) was 24.7%, 11.9%, 6.1%, 6.6% and 5.9%, respectively, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, and our net profit margin (based on cost of sales at historical cost) was 12.9%, 3.9%, 2.0%, 2.8% and 2.1%, respectively, in the same periods. The decrease of our gross profit margin and our net profit margin during the two years ended 31 December 2015 and 2016 was primarily because of the increased sales of gold products as a percentage of our total sales as gold has a higher unit price than silver and gold products generally command a lower gross profit margin than silver products assuming the same level of casting work. During the Track Record Period, our Listing Segment gross profit margin (based on cost of sales at prevailing market rates) was 13.4%, 10.3%, 5.9%, 6.5% and 5.9%, respectively, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, and our Listing Segment net profit margin (based on cost of sales at prevailing market rates) was 3.3%, 2.6%, 1.9%, 2.6% and 2.1%, respectively, in the same periods. See the sections headed "Financial information — Significant Factors Affecting Our Results of Operations — Our Product Portfolio" and "Financial Information — Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" in this prospectus. We expect to continue to have relatively low gross profit margin and net profit margin in the near future.

Our product mix may change from time to time as a result of our business strategy, market conditions, customers' demand and other factors, many of which are beyond our control. In the event that our product mix is further changed to include more sales of products of lower gross profit margin, our profitability may suffer.

We may not be successful in sustaining growth in our financial performance or manage our growth strategies which will in turn have a material adverse effect on our business, results of operations and prospects in the future.

We had experienced significant growth in our revenue and profit during the Track Record Period. Our total revenue was RMB291.2 million, RMB835.3 million, RMB2,465.3 million, RMB1,819.7 million and RMB3,154.4 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 191.0% from 2014 to 2016, and our Listing Segment net profit was RMB9.7 million, RMB21.5 million, RMB48.1 million, RMB47.9 million and RMB67.6 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 122.7% from 2014 to 2016. Our past performance is not necessarily indicative of future results and there is no assurance that we will be able to maintain our historical growth rates in the future. Our revenue and profit growth may slow down or may decline for a number of reasons, including decreasing customer spending, increasing competition from other online and offline jewellery retailers and distributors, slower growth in China's jewellery retail industry, supply chain and logistical bottlenecks, increasing costs of supply which we may not be able to pass on to our customers, emergence of alternative business models and changes in government policies or general economic conditions.

To sustain our growth, we will need to continue to expand, train, manage and motivate our workforce and manage our relationships with customers, suppliers and third-party service providers. We will also need to broaden our product offerings, which will require us to introduce new product categories and work with different groups of suppliers and address different customers' needs. Moreover, as we expand, we will need to rent new warehouses and storage space and extend our logistics network to accommodate increasing customer demands. All of these endeavours involve risks and uncertainty and additional investments and costs. We cannot assure you that we will be able to manage our growth or execute our strategies effectively or cost-efficiently, and any failure to do so may have a material adverse effect on our business, results of operations and prospects.

Investors should carefully consider the impact of different accounting for silver ingots as disclosed in the prospectus before investing in our Shares.

In order to provide investors with a meaningful measure of the overall profit generating capabilities of our business during the Track Record Period and after the Listing, we adopted the concept of the Listing Segment as our sole reporting segment during the Track Record Period to account for the cost of silver ingots of the business of our Group at their then prevailing market rates during the Relevant Period compared to the financial information presentation of our Group, which accounted for the cost of silver ingots at the historical production cost incurred by Longtianyong during the Relevant Period.

The impact of accounting for the cost of silver ingots at their then prevailing market rates will result in lower profit. For example, the net profit of the Listing Segment was RMB9.7 million, RMB21.5 million and RMB48.1 million, respectively, in 2014, 2015 and 2016, which was lower than the Group's net profit of RMB37.5 million, RMB33.0 million and RMB50.3 million, respectively, in the same periods. Because the Group has accounted for the cost of silver ingots at their then prevailing market rates since April 2016, there is no difference between the net profit of the Listing Segment and the Group after March 2016 and in 2017. See the section headed "Financial Information — Explanatory Statement on the Presentation of our Group's Cost of Sales and Profitability" in the prospectus for more information. If the Group accounted for the cost of silver ingots of at their then prevailing market rates during the Relevant Period, its net profit would be lower. Investors should carefully consider the impact arising from the accounting treatment for the cost of silver ingots on the Group's results of operation and financial condition before making investments in our Shares.

Failure to develop, utilise and strengthen our data mining capabilities may affect our business.

As an Internet-based jewellery retailer, data mining and utilisation capabilities are critical to our business operations, and we have been investing in the research and development of such capabilities, such as the RFID technology. See the section headed "Business — Utilisation of Data Analytics" in this prospectus for more information. The costs associated with these investments are likely to be recognised earlier than some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect. We may not be able to recoup our capital expenditures or investments, in part or in full, or the recoupment of these capital expenditures or investments may take longer than expected. As a result, the carrying value of the related assets may be subject to an impairment charge, which could adversely affect our financial condition and results of operation.

Furthermore, we may not be able to continue to develop, utilise and strengthen our data mining capabilities in a manner satisfactory to us or at all, due to, among others, insufficient investment in information technology infrastructures, or insufficient data collected from our offline sales and service network. In particular, our ability to develop, utilise and improve our data mining capabilities depends significantly on the efforts and abilities of individuals who have experience and knowledge in the information technology industry. If we fail to recruit and retain such talents, or if these individuals fail to devote sufficient time and effort to our business, our ability to develop, utilise and improve our data mining capabilities will be materially and adversely affected. Any failure to develop, utilise and strengthen our data mining capabilities may adversely affect our business, results of operation and prospect.

If the quality of our products is compromised or if our customer service fails to meet the expectations of our customers, our business and reputation may be materially and adversely affected.

We have adopted quality assurance policies, including a full refund of purchase price for products failing to meet our quality requirements, a penalty of up to ten times the purchase price for inauthentic or defective products, and quality assurance insurance. See the section headed "Business — Warranties and Customer Services" in this prospectus for more information. Any incident that compromises the quality of the products we sell (for example, OEM contractors failing to provide quality products to us or our franchisees fail to comply with our quality assurance policies) could give rise to material penalties for us, damage our reputation and could lead to our insurers refusing to insure our products.

We also provide after-sales services to our customers primarily through our offline sales and service network and customer hotlines. See the section headed "Business — Warranties and Customer Services" in this prospectus for more information. As we continue to grow in the future, our staff serving our offline sales and service network as well as our customer service hotlines and the customer service staff of our franchisees may not be sufficient. There is no assurance that we or our franchisees will be able to hire sufficient qualified staff or provide sufficient training to them to meet our standards of customer service on a cost-efficient basis or that an influx of relatively inexperienced personnel will not dilute the quality of our customer service. If customer service representatives for our products fail to provide timely and satisfactory service, our brand and customer loyalty may be adversely affected. In addition, any negative publicity or poor feedback regarding our customer service will further harm our brand and reputation which in turn may cause us to lose customers and market share.

We rely on independent third-party OEM contractors and jewellery product suppliers for the procurement of our jewellery products. Our brand image and business may be negatively affected by the performance of or disruption in the supply of OEM contractors and our jewellery product suppliers or the failure of these contractors and/or suppliers to adhere to quality standards with respect to raw materials and products.

During the Track Record Period, we outsourced the manufacturing of our certain self-branded jewellery products to OEM contractors. In 2014, 2015, 2016 and the ten months ended 31 October 2017, the service fees we incurred with respect to the casting work provided by our OEM contractors were approximately RMB47.1 million, RMB89.2 million, RMB109.7 million and RMB39.4 million, respectively, accounting for approximately 16.2%, 10.7%, 4.4% and 1.2%, respectively, of our total revenue for the same periods. See the section headed "Business — Our Brands and Products — Our Production Through Arrangements with OEM Contractors" in this prospectus for more information. We also procure jewellery products from third-party jewellery suppliers for our onward sales to our customers. See the section headed "Business — Suppliers and Procurement — OEM Contractors and Jewellery Product Suppliers" in this prospectus for more information. We cannot assure you that our OEM contractors and/or our jewellery product suppliers will deliver products to us in a timely manner or that the products are of satisfactory quality or that our OEM contractors and/or jewellery product suppliers will not experience any suspension or interruption in their operations which results in disruption in the supply to us. In addition, there is no assurance that our OEM contractors and/or our jewellery product suppliers will continue to work with us on commercially acceptable terms or at all in the future, or that they will have sufficient resources to meet our demand at all times. If the performance of any of our OEM contractors and/or our jewellery product suppliers is not satisfactory, or any OEM contractor or our jewellery product supplier decides to substantially reduce its volume of supply to us, to increase the prices of its products or to terminate its business relationship with us, we may need to find replacement OEM contractors and/or jewellery product suppliers or take other remedial actions, which could increase the cost and lengthen the time required to despatch the products we sell to our retailers, distributors or end-customers.

In addition, as we have limited control over the operations of our OEM contractors and our jewellery product suppliers, we cannot ensure that our OEM contractors and/or our jewellery product suppliers will adhere to our quality control policies and guidelines at all times. Any defect in, or any failure to adhere to quality standards with respect to, the products manufactured by our OEM contractors and/or provided by our jewellery product suppliers could subject us to liability or damage our reputation and reduce the demand for the products we sell. Furthermore, we cannot assure you that our OEM contractors and/or our jewellery product suppliers will fully comply with the applicable laws and regulations, such as labour and environmental laws. If there is any negative publicity regarding such non-compliance, our brand image may be damaged.

We plan to build production facilities in Ji'an, Jiangxi. As of the Latest Practicable Date, Jiangxi Jiyin was in the process of procuring relevant equipment for production and production at such in-house facilities was expected to commence in March 2018. See the section headed "Business — Our Brands and Products — Our Planned In-house Production" in this prospectus for more information. We cannot assure you that we will be successful in establishing cost effective in-house production capabilities in a timely manner or at all. We also cannot assure you that our production facilities or equipment will not experience any malfunction, quality issue or natural disasters which may adversely affect their normal operation. If our in-house production undergoes any suspension or interruption, we may not be able to outsource the scheduled production to third-party OEM contractors in a timely manner, at similar costs, or at all. We cannot assure you that we are able to achieve the operating efficiency given our limited experience in managing jewellery production business. Our brand image and business may be negatively affected by the performance of or disruption in supply of our OEM contractors, our jewellery product suppliers and our in-house production.

We have limited control over the operations and actions of our CSmall franchisees. Any of our failure to maintain and expand our relationships with our CSmall franchisees and control our CSmall franchisees could negatively impact our business, financial condition, results of operations, and prospects.

We operate our offline sales and service network mainly through CSmall Shops, of which a large portion is our franchised CSmall Shops. As of 31 October 2017, we had 104 franchised CSmall Shops in the PRC. In 2014, 2015, 2016 and the ten months ended 31 October 2017, we had generated RMB81.5 million, RMB292.5 million, RMB239.3 million and RMB415.4 million of revenue, respectively, through these franchised CSmall Shops, accounting for approximately 28.0%, 35.0%, 9.7% and 13.2%, of our total revenue for the same periods, respectively.

Our franchise agreements generally have a term of three years for multi-brand franchisees and one year for mono-brand franchisees, which may be renewed upon mutual agreement. During the Track Record Period, to retire certain underperforming franchised shops and gradually reduce the number of our mono-brand franchised shops they are no longer the appropriate strategic fit for us, we terminated franchise arrangements with mono-brand franchisees for four, 25 and four mono-brand CSmall Shops as well as eleven, 18 and 21 underperforming multi-brand franchised shops in 2015, 2016 and the ten months ended 31 October 2017, respectively. We did not close any franchised CSmall Shops in 2014. See the section headed "Business — Our Integrated Online and Offline Jewellery Retail Structure — Our Offline Sales and Service Network — Our CSmall Shops — Our Franchised CSmall Shops" in this prospectus for more information. If our franchised CSmall Shops fail to perform or they fail to fit our strategy (for example, they fail to become multi-brand CSmall Shops), we may need to further refine the number of CSmall Shops we have and the footprint they cover. This may affect the width and depth of our offline sales and service network which would in turn affect our end customers' access to our offline sales and customer services. If we fail to renew our relationships with our existing franchisees or enter into relationships with new franchisees on favourable terms or at all, or if our franchisees reduce, delay or cancel their orders from us or enter into relationships with our competitors, our revenue from our offline sales and service network, and our market share and growth opportunities for our New Jewellery Retail Model could suffer, which would negatively impact on our business, financial condition, results of operations and cash flows.

All of our franchisees are Independent Third Parties. Therefore, our ability to manage the activities of our franchisee is limited. We regulate our relationships with our franchisees through our franchise agreements with each franchisee, and we make visits generally on a bi-weekly basis to our franchised CSmall Shops to keep close communication with our franchisees. At the same time, our franchised CSmall Shops are given certain autonomy to leverage their local knowledge and expertise in selling our products, and are ultimately responsible for the end-customer's shopping experience, including the customer service they deliver.

Our franchisees may take one or more of the following actions, any of which could have a material adverse effect on our business, prospects and reputation:

- breaching our agreements with them, including by selling products at below our recommended retail prices or sell our products through channels other than our designated sale areas;
- failing to adequately promote our products;
- failing to provide proper training to their staff, thereby affecting the quality of services they provide;
- violating laws and regulations of China or other countries, including anti-money laundering, anti-bribery, competition or other.

Although we supervise the sales activities of our franchisees, we cannot assure you that they will comply with our pricing policies at all times and will not compete using aggressive discounts, which could lead to negative customer perception of the products we sell among our sales channels.

In addition, we have no system to audit or to verify the sales performance and other financial information provided by our franchisees, so there is no assurance that our franchisees had provided or would provide accurate information to us. As such, we may not have a true picture of the performance of our franchisees and whether or not they have complied with our franchise agreements or the demand that our customers have for our product offerings.

In view of our limited ability to monitor or control the performance of our franchisees and franchised CSmall Shops, we cannot assure you that our franchisees will not make decisions or take actions that are not in our bests interests, thereby harming our business and causing the diversion of management resources or litigation exposure to third parties. Similarly, we cannot ensure you that each of our franchisees and franchised CSmall Shops will fully comply with the franchise agreements with us or the policies we require them to adhere to or that we have accurate and up-to-date information to assess our franchisees' or franchised CSmall Shops' performance. If any franchisee or franchised CSmall Shop breaches our franchise agreements, fails to comply with our requirements and policies, violates any laws and regulations or provides us with inaccurate information on sales and inventory levels, we would not be able to react appropriately to changes in customer preferences, the quality of our products and customer services would suffer, and our reputation and brand image would be damaged.

During the Track Record Period, a number of our customers had continued to be our top five largest customers having contributed to a significant portion to our revenue. If they decrease their purchases in the future or if there is any substantial delay in their payments or any failure by us in maintaining relationships with them, our results of operations and financial conditions may be materially and adversely impacted.

Our revenue generated from the sales to our five largest customers amounted to RMB185.5 million, RMB467.9 million, RMB481.4 million and RMB1,994.0 million for 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively, representing 63.7%, 56.0%, 19.5% and 63.2% of our total revenue for the same periods. Revenue from the largest single customer for 2014, 2015 and 2016 and the ten months ended 31 October 2017 amounted to RMB56.1 million, RMB191.6 million, RMB143.4 milion and RMB1,488.4 million, respectively, representing 19.3%, 22.9%, 5.8% and 47.2% of our total revenue for the same periods. Of these customers, Zhejiang Furuihong, Shenzhen Xinguanyi, Shanghai Jitian and Baida Group Co. Ltd. have consistently appeared as one of our five largest customers during the Track Record Period, purchasing our products in large volumes. Although three of these large customers are our franchisees, their minimum purchase amount under the relevant franchise agreements is only RMB6 million annually. As such, they are not obliged to continue to purchase our products in large volumes as they did during the Track Record Period. If one or more of our large customers were to significantly reduce their purchases from us and if we fail to develop new large customers to replace them, our results of operations and financial prospects would be materially and adversely affected.

The average credit term we grant to these customers is generally around 30 days for products other than gold bars and we generally require payment on delivery for gold bars. We cannot assure you that payments by these large volume customers would not be materially delayed. If one or more of our largest customers were to delay payments to us, our cash flows and liquidity would be materially and adversely affected which would, in turn, affect our overall results of operations and financial prospects.

Our business relies on the proper operation of our IT systems, any malfunction of which could materially and adversely affect our business.

Our business relies on the proper functioning of our IT systems. Our information technology systems support the operation of our online sales channels and enable us to efficiently collect and analyse our operational data and information, including procurement, sales, inventory, order fulfilment, logistics, customer and membership data on a real-time basis. We use our information technology systems to assist us in human resources management, inventory control, financial management and retail management. Please refer to the section headed "Business — Technology" in this prospectus for further information about our information technology systems. As a result, the proper functioning of our information technology systems is critical for us, among others, to effect marketing and sales and to monitor our inventory level and the level of our sales. We need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business. However, our IT systems may not always operate without interruption and may encounter temporary abnormality or become obsolete. Any malfunction to our information technology systems may negatively affect our ability to continue our operations smoothly, which in turn could adversely affect our business operation.

It is also important that we constantly review our existing IT systems, identify new business needs, provide IT solutions and upgrade our systems. We may not always be successful in developing, installing, running and migrating to new software or systems as required by our business development. Even if we are successful in this regard, significant capital expenditure may be required, and we may not be able to benefit from these types of investment immediately or at all. All of these may have a material adverse effect on our operations and profitability.

Fluctuations in prices, or any unavailability, of the raw materials that we use in our products and finished goods may materially and adversely affect our business, results of operation or financial condition.

In 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, our cost of sales (based on historical cost) was RMB219.4 million, RMB735.9 million, RMB2,315.8 million, RMB1,698.9 million and RMB2,969.2 million, respectively, accounting for 75.3%, 88.1%, 93.9%, 93.4% and 94.1%, respectively, of our total revenue for the same periods. Our Listing Segment cost of sales (based on prevailing market rates in the Relevant Period) was RMB252.2 million, RMB749.3 million, RMB2,318.7 million, RMB1,701.9 million and RMB2,969.2 million, respectively, accounting for 86.6%, 89.7%, 94.1%, 93.5% and 94.1% of our revenue in the same period. We also sourced finished goods from third party jewellery products suppliers. The principal raw materials for our jewellery include gold, silver and various kinds of gemstones. Cost of raw materials and finished goods represented the largest component of our cost of sales during the Track Record Period. Fluctuations in the prices of these raw materials and finished goods can have a significant effect on our business, results of operations and financial condition. For more details on the prices of these raw materials, please see the section headed "Business — Suppliers and Procurement — Trend of Cost of Sales" in this prospectus.

We do not conduct any hedging activity in connection with the prices of raw materials we use in our products and finished goods. We manage risks related to the fluctuations in prices of raw materials and finished goods mainly by passing on additional costs to our customers through higher selling prices. Please see the sections headed "Business — Pricing" and "Business — Suppliers an Procurement — Our Raw Material Suppliers" in this prospectus for more information on our pricing and procurement policies. However, we may not be able to pass on the increases in the prices of raw materials and finished goods to our customers in full or at all. If we cannot pass on the increases in the price of raw materials and finished goods to our customers, our business, financial condition and results of operations may be materially and adversely affected.

Separately, any significant fluctuations in the gold and silver prices may result in a substantial increase or decrease in market demand for gold and silver products in China which may affect the demand for our products to a similar extent. For example, if gold and silver prices surge within a short period of time due to certain political or financial events or circumstances, the demand for our gold and silver products may substantially decrease as we generally pass on the increases of cost to our customers who are in general very price sensitive. Any material increases of gold and silver prices for a prolonged period could have a material adverse effect on the demand for gold and silver products in the market including our products and hence our business, results of operations and prospects. During the Track Record Period, we were generally able to manage our risk exposure effectively while the market prices of gold and silver underwent considerable increases and decreases during such period. However, as we currently have a short operating history, we cannot guarantee that we will not be susceptible to any deteriorating market conditions resulting from cyclical changes in the market prices of gold and silver. If we are not able to adjust and improve our procurement and inventory management and sales strategies in response to any adverse market conditions, our business, results of operations and financial condition may be materially and adversely affected. In addition, we generally ensure that the selling prices of our products allow us to enjoy a certain profit margin by applying markups over the costs of such products, taking into account of the prevailing market prices of gold, silver and other raw materials. If and to the extent that we are unable to adjust our selling prices in response to material fluctuations in gold and silver prices for any reason in a timely manner and fail to pass on the cost increases to our customers as a result, our gross profit could be materially and adversely affected.

During the Track Record Period, we sourced a substantial portion of silver ingots from Longtianyong, a wholly owned subsidiary of China Silver Group, our Controlling Shareholder, the market value of which (at prevailing market rates) accounting for 36.9%, 24.6%, 11.4% and 8.9%, respectively, of our total purchase (at prevailing market rates) in 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively. Although a significant percentage of our raw materials are commodities, which are obtainable through a variety of sources, if the (i) availability of, (ii) our access to, or (iii) the cost of purchasing certain raw materials that we need for our products is adversely affected (for example, due to a decrease in the number of suppliers of such raw materials, or a reduction in the overall availability of such raw materials, whether due to a lack of supply, the loss of a supply contract, increased demand from our competitors or fluctuations in global market prices), we may have to pay more for, or may be unable to source, these raw materials, which could materially and adversely affect our business, results of operations or financial condition.

In addition, our Controlling Shareholder sells its products under the "Longtianyong" brand and is known for producing silver ingots having a purity of not less than 99.995%. If the "Longtianyong" brand suffers any negative publicity or if our Controlling Shareholder fails to maintain an effective quality control system or produces defective products, it could in turn (i) affect the quality of our products; and (ii) harms the reputation of our brand.

We and our franchisees may not be able to find suitable locations for new CSmall Shops on commercially acceptable terms, or at all.

Our performance depends to some extent on the location of our CSmall Shops. When selecting a site for a new CSmall Shop, we take into account various factors, including:

- market demand for jewellery products and local economic conditions;
- local demographics;
- geographic coverage of the location and available lettable area; and
- customer traffic, financial condition and sustainability of the relevant department store or shopping mall.

We and our franchisees generally lease the premises of our CSmall Shops. When we and our franchisees open CSmall Shops, we and our franchisees will need to secure more retail locations through lease. The supply of prime locations for new CSmall Shops is scarce and the competition to secure these locations is intense. As a result, we and our franchisees may not be able to identify and lease suitable locations for our new CSmall Shops.

In the past few years, the overall cost of leasing suitable locations in the PRC has increased significantly. This is particularly the case for prime retail locations. As a result, we expect the cost of securing new retail locations for new CSmall Shops to increase in the future. The ability to lease suitable properties on terms acceptable to us and our franchisees is critical to the success of our business and expansion strategy. We cannot assure you that we and our franchisees will be able to lease suitable locations on terms commercially acceptable to us. In the event that we and our franchisees encounter difficulties in securing suitable sites for our CSmall Shops in the localities we plan to expand into, our business and growth prospects will be adversely affected.

We may be subject to intellectual property infringement claims which may be expensive to defend and may result in significant liabilities.

During the Track Record Period, we adopted 146 product designs from six external designers, with whom we did not enter into any intellectual property agreements with respect to their designs. Absent such agreements, we may be subject to legal proceedings on claims from third parties who own the intellectual property relating to or involving the product designs of our external designers. Furthermore, our designers may re-sell the designs to other third parties, which could result in our infringement of the intellectual property rights of such third party thereby resulting in significant loss for us.

Furthermore, we cannot be certain that any other aspects of our operations or our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third party intellectual property that is infringed by our products, services or other aspects of our business. There could also be existing intellectual property rights of which we are not aware that our products may inadvertently infringe upon.

The risk of being subject to intellectual property infringement claims will increase as we continue to expand our product offering. We cannot assure you that holders of intellectual property rights purportedly relating to some aspect of our technology platform or business, if any such holders exist, would not seek to enforce such intellectual property rights against us in China or any other jurisdictions. Furthermore, the application and interpretation of China's intellectual property rights laws and the procedures and standards for granting intellectual property rights in China are still evolving and uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims against us may result in significant liabilities, which may materially and adversely affect our business, results of operation and financial condition.

Failure to maintain optimal inventory levels and ensure the security of our inventory could have a material adverse effect on our business, financial condition and results of operations.

Maintaining optimal inventory levels is critical to the success of our business. As of 31 December 2014, 2015 and 2016 and 31 October 2017, the balance of our inventory was RMB33.8 million, RMB62.7 million, RMB344.0 million and RMB209.1 million, respectively. In 2014, 2015, 2016 and the ten months ended 31 October 2017, our inventory turnover days (based on cost of sales at historical cost) were 28.1 days, 23.9 days, 32.1 days and 28.3 days, respectively, and our inventory turnover days (based on cost of sales at prevailing market rates) were 24.4 days, 23.5 days, 32.0 days and 28.3 days, respectively. See the sections headed "Financial Information — Certain Balance Sheet Items — Inventories" and "Financial Information — Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" for more information. We are exposed to inventory risks as a result of a variety of factors which are beyond our control, including delay or disruption in the supply by our OEM contractors, decreases in the number of orders placed by our distributors, unexpected returns or exchanges by our customers, changing consumption trends and customer preferences and launches of competing products. Moreover, for stocking purposes we generally estimate demand for the products we sell ahead of the actual time of sale. We cannot assure you that we can accurately predict these trends and events and maintain adequate levels of inventory at all times. Any unexpected decrease in the market demand for the products we sell could lead to excessive inventory, and we may be forced to offer discounts or conduct promotional activities to dispose of slow-moving inventory, sometimes at prices below cost, which in turn may adversely affect our financial condition and results of operations. On the other hand, insufficient inventory level may cause us to lose sales to our competitors and our results of operations may also be adversely affected accordingly.

As our CSmall Gift initiatives expand and we begin to increase the number of CSmall Gift partners to which we sell our jewellery products, we will need to increase our stock of inventory significantly as the amount of products they will purchase from us will correspond with their own sales volume. In addition, as our CSmall Gift initiatives evolve to allow customers of our CSmall Gift partners to redeem our products on our self-operated online platform with CSmall Gift credits, it may become more difficult for us to accurately predict the demand for our jewellery products. As a result, the planning of the adequate level of inventory we should maintain for each product would also become more difficult.

We are also subject to certain risks related to product warehousing, in particular due to the fact that at a given time, we may store substantial amounts of high-value inventories, such as gold bars, at our warehouse pending delivery to or pick up by our customers. Accidents such as theft, fire, explosion, smoke, water damage and weather damages may cause damage to the products we store in our warehouse and adversely affect our ability to supply products to our stores and distributors and customers on time. The occurrence of any of these accidents could also require us to make significant unanticipated expenses and delay our delivery of products. Lost sales or increased costs that we may incur due to such disruption of operations and delay in product delivery may not be recoverable under our existing insurance policies, and prolonged business disruptions could result in a loss of our end-customers. If any one or more of the above risks were to materialise, our market reputation, business, financial condition and results of operations may be adversely affected.

If we fail to protect our proprietary data and customer information, our reputation and business could be negatively affected.

We believe that our ability to compile and analyse sales data and customer data is critical to our success as an Internet-based jewellery retailer. We collect customer data, such as our end customers' mobile number, address, payment related information and transaction history, and have built our own customer data base. Any mishandling of the collection, storage, use or disclosure of personal information or other privacy-related matters by us could damage our reputation and results of operations. Furthermore, any actual or alleged leakage or unauthorised use of the customer data we have collected could result in a decrease in our online traffic or the number of our online end customers, either of which could have a material adverse effect on our business, financial condition and results of operations.

In addition, advances in technology, the expertise of hackers, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining and misappropriating our proprietary data and customer information. In addition, we have limited control or influence over the security policies or measures adopted by third-party online payment service providers through which some of our end customers may elect to make online purchases. Furthermore, our third-party logistics service providers or courier companies may also disclose or use information about our end customers illegally. Although we do not believe that we will be held responsible for any such illegal activities, any negative publicity on our IT system's or online sales channels' safety or privacy protection mechanism and policy could have a material adverse effect on our public image and reputation. We cannot assure you that similar events beyond our control will not occur in the future, which could negatively affect our reputation.

Furthermore, the PRC laws and regulations governing the use of personal data are still under development and currently do not impose any mandatory restrictions on internal use of such data by us. Any change in the regulations governing the use of such personal data could adversely affect our ability to use such data or discourage our end-customers from using our online sales channels, either of which could have a material adverse effect on our business, financial condition and results of operations.

We rely on independent third-party logistic service providers to deliver our products and third party products.

We engage independent third-party logistic service providers to deliver our products sold on our online sales channels to our customers. Disputes with or a termination in our contractual relationships with one or more of our logistic service providers could result in delayed delivery of products, increased costs or customer dissatisfaction. There can be no assurance that we can continue or renew relationships with our current logistic service providers on terms acceptable to us, or that we will be able to establish relationships with new logistic service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistic service providers, it may adversely affect our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. We cannot guarantee that we will not experience any interruption in the logistic services provided by third parties and any such interruptions could materially and adversely affect our business, prospects or results of operations.

As we do not have any direct control over these logistic service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue, we may lose customers and sales and our brand image may be tarnished.

Any deficiencies in China's Internet infrastructure could impair our ability to sell products through our online sales channel, which could cause us to lose end customers and harm our operating results.

We rely on our sales of jewellery products through our online sales channels. During the Track Record Period, the revenue from our sales of jewellery products through our online sales channel was RMB47.9 million, RMB345.8 million, RMB1,950.5 million and RMB2,391.1 million, respectively, accounting for 16.5%, 41.4%, 79.1% and 75.8%, respectively, of our total revenue for the same periods. These sales depend on the performance and reliability of the Internet infrastructure in China. The availability of our online sales channels depends on telecommunications carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If we are unable to enter into and renew agreements with these providers on acceptable terms, or if any of our existing agreements with such providers is terminated, our ability to sell products to our end-customers through our online sales channels could be adversely affected. Service interruptions in the Internet infrastructure prevent customers from accessing our online sales channels and placing orders, and frequent interruptions could frustrate customers and discourage them from attempting to place orders, which could cause us to lose end-customers and harm our operating results.

We may not be able to continue to use certain property which is currently used by us.

As of the Latest Practicable Date, we entered into a property use contract with Jingning Shezu Autonomous County State-owed Assets Investment Co., Ltd. (景寧畲族自治縣國有資產投資經營有限公司), pursuant to which we are granted with the right to use a property with a floor area of approximately 462.6 square metres located in Jingning, Zhejiang free of charge for a term of 17 years from 1 September 2016 in order to leverage our leading market share and extensive customer base to promote the local silver culture. We use such property for exhibition of our jewellery products to promote the silver related culture and the exhibition commenced on 29 March 2017. As of the Latest Practicable Date, we have not been provided with any title certificate for such property. Furthermore, the property use contract provides that the counterparty may withdraw the authorisation to us at anytime at its discretion. As a result, there are risks that we may not be able to continue to use the property or be able to relocate our exhibition to other premises based on commercially reasonable terms, or at all.

We depend on the continued service of our management team and other key employees, and our business, financial condition and results of operation will suffer greatly if we lose their services.

Our future success depends on the continued service of our management team and other key employees. In particular, we rely on the expertise and experience in jewellery, retail and Internet industries. We also rely on a number of key management team members, such as Mr. Chen, our co-CEO and Mr. Zhang, our co-CEO and president, for the development and operation of our business.

If we lose the services of one or more of our key personnel, we may not be able to replace them easily or at all and may incur additional expenses to recruit and train new personnel. Consequently, our business could be severely disrupted, and our financial condition and results of operations could be materially and adversely affected. We do not maintain key person insurance for any of our key personnel. In addition, if any of our executive officers or key employees joins a competitor or forms a competing business, we may lose know-how, trade secrets, customers and key professionals and staff.

If we fail to maintain adequate internal controls, we may not be able to manage our business effectively and may experience errors or information lapses affecting our business.

As we continue to expand, our success depends on our ability to effectively utilise our standardised ERP system, information technology systems, resources and internal controls. We will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in internal controls, our ability to manage our business effectively may be affected.

Failure to obtain certain trademarks in time may materially and adversely affect our business, financial condition and results of operations.

We have submitted the application for registration of 16 trademarks in the PRC as of the Latest Practicable Date. The registration of trademarks generally requires one year to complete and our use of these trademarks may lack legal protection during this period. Failure to obtain these trademarks in time may affect our brand, our products and our operations which may result in loss of our customers and damage of our reputation, which may in turn materially and adversely affect our financial condition and results of operations. Any unauthorised use of such trademarks by third parties, and the expenses incurred in protecting our intellectual property rights, may materially and adversely affect our business and financial condition. For details of our intellectual properties, see the section headed "Business — Intellectual Properties" in this prospectus.

Our business depends on our intellectual property, particularly our trade name and trademarks. Any unauthorised use of our trademarks by third parties may materially and adversely affect our business, financial condition and results of operations.

We believe that our "金貓銀貓CSmall" trade name and related trademarks are critical to our success. Our policy is to register and protect our trade name, trademarks and other intellectual property rights in the jurisdictions where we operate, to the extent we are able to under local law. We cannot assure you that there will not be any violations, infringements or unauthorised use of our trade name and trademarks in the future, or that the steps we take to protect our trade name or trademarks are sufficient or will be sufficient to protect our trade name or trademarks. Any unauthorised use of our trade name or trademarks could harm our brand, market image and reputation, which could adversely affect our financial condition and results of operations. In addition, we may incur additional costs as a result of any trade name or trademarks infringement claims we initiate, which may divert the management's attention and impact our operating results.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

As of the Latest Practicable Date, we maintained various insurance policies, including but not limited to all-risk insurance for our production facilities of Jiangxi Jiyin, one of our subsidiaries, and our warehouse in Shenzhen, and insurance coverage for potential losses and damages of inventories in our Shenzhen Exhibition Hall and our self-operated and jointly operated CSmall shops against theft, fire, explosion, smoke, water damage and weather damages, as well as quality assurance insurance for all our jewellery products distributed through our self-operated online jewellery platform. See the section headed "Business — Insurance" in this prospectus for more information. However, there is no assurance that the insurance policies we maintain are sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We expect to incur additional capital expenditure and depreciation expenses associated with the establishment of our in-house production facilities.

We plan to build production facilities in Ji'an, Jiangxi to establish our in-house production capabilities to process silver ingots into silver bars and limited categories of other silver jewellery products such as silver bangles. We incurred capital expenditure in an amount of approximately RMB2.7 million in the ten months ended 31 October 2017 for purchases of production equipment and construction of the facilities. See the section headed "Business — Our Brands and Products — Our Planned In-house Production" in this prospectus for more information. We may incur additional capital expenditure and expect to incur an amount of approximately RMB2.7 million annually in depreciation expenses associated with the establishment and operation of our in-house production facilities in the next five to ten years, which could negatively affect our financial condition and results of operations. In addition, there is no guarantee that we could achieve production efficiency and other expected benefits for establishing and utilising our in-house production capacities in the near term, or at all.

We are exposed to credit risk imposed by our customers.

Our credit risk arises from default by our counterparties, primarily including our customers. As of 31 December 2014, 2015, 2016 and 31 October 2017, we had trade receivables of RMB33.6 million, RMB123.5 million, RMB56.8 million and RMB35.1 million, respectively. We do not grant any credit period to our retail or B2C customers, but generally grant to our corporate customers a credit period ranging from 30 days to 60 days. We require advance deposits from our customers before delivery of goods. Our customers may default on their payment to us as a result of deteriorating financial condition or liquidity issue, and the deposits we received from our customers may not be sufficient to cover our actual loss. We cannot guarantee that we can always detect potential default by our customers. If we cannot collect trade receivables on time, our liquidity, result of operation and financial condition may be adversely affected.

We had historical net cash outflows from operating activities

Our cash outflow from operating activities primarily comprises of purchases from suppliers and OEM contractors, rent, employee compensation and other expenses related to our operating activities. In 2014, 2015 and 2016, we had net cash outflows from operating activities of RMB42.4 million, RMB37.5 million and RMB258.7 million, which was primarily due to our business growth, in particular, the increases in our purchases from suppliers and OEM contractors in order to meet increased customer demand. Although we had net cash generated from operating activities of RMB310.8 million in the ten months ended 31 October 2017, we cannot guarantee that we will not record net cash outflows from operating activities in the future. Any net cash outflows from operating activities will adversely affect our liquidity and our ability to further develop our business. We may need to resort to external financing in case of net cash outflows from operating activities, but we cannot ensure that we will be able to secure the sources of funds at all or at commercially reasonable terms. If we cannot source sufficient financing to fund net cash outflows from operating activities, our business, results of operation and financial condition may be adversely affected.

We received one-off government grant and concessionary tax rate.

We received government grant of RMB2.0 million and RMB0.4 million in 2016 and the ten months ended 31 October 2017 due to the grant to our wholly owned subsidiary, Jiangxi Jiyin, by the local government as an incentive for foreign capital injection by the Group. In addition, Longtianyong, an indirect subsidiary of our Controlling Shareholder that conducted part of our business prior to April 2016, was recognised as a High and New Technology Enterprise by the PRC tax authorities on 25 March 2014 and as a result, it was entitled to a concessionary tax rate of 15% for three consecutive years beginning from 2013. As a result, we had tax effect of concessionary tax rate granted of RMB6.5 million and RMB5.8 million in 2014 and 2015 which reduced our tax charge for the year. Because such government grant and concessionary tax rate benefit are one-off only, our historical results of operation would be adversely affected if we disregard such one-off benefits. Moreover, since these benefits are one-off, you should not rely on such benefits when making your investments in our Shares.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Adverse developments in the PRC economy or an economic slowdown in the PRC may have a material adverse effect on our business, results of operations, financial condition and prospects.

We conduct substantially all of our business in the PRC, and substantially all of our assets and operations are located, and substantially all of our revenue is derived from our operations in the PRC. Accordingly, our business, financial position, results of operations and prospects are subject to the political, economic and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC's economy has been transitioning from a planned economy to a more market-oriented economy for more than three decades, a substantial portion of productive assets in the PRC are still owned by the PRC government. The PRC government also has significant oversight over the economic growth of the PRC by allocating resources, regulating payments of foreign currency-denominated obligations, setting monetary policies and granting preferential treatments to particular industries or companies.

Although the PRC government has implemented economic reform measures with a view to introducing market forces and establishing sound corporate governance systems and modern management systems in business enterprises in recent years, such economic reform measures may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, we may not necessarily benefit from such measures.

The PRC's GDP growth has slowed down in recent years. For example, the GDP growth rate of the PRC decreased from 9.5% in 2011 to 7.3% in 2014, and to 6.9% in 2015. The PRC's GDP growth rate is expected to continue declining. The global economy may continue to deteriorate in the future and continue to have an adverse impact on the PRC economy. Any significant slowdown in the PRC's economy could have a material adverse effect on our business and operations.

Uncertainties in the PRC legal system could have a material adverse effect on our business and operations.

Our business and operations are primarily conducted in the PRC and are subject to applicable PRC laws, rules and regulations. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference, but have limited weight as precedents. Since the late 1970s, the PRC government has significantly enhanced the PRC legislation and regulations to provide protection to various forms of foreign investments in the PRC. However, the PRC has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activity in the PRC. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and may not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. As a result, we may not be aware of our violations of these policies and rules until sometime after the violation. Furthermore, the legal protection available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and may result in substantial costs and the diversion of resources and management attention, which in turn could have a material adverse effect on our financial condition and results of operations.

You may experience difficulties in effecting service of legal process and enforcing judgments or bringing original actions in the PRC or Hong Kong based on foreign laws against us and our Directors and management.

Substantially all of our assets are located within the PRC. Most of our Directors and senior management reside in the PRC and a substantial portion of their assets are located within the PRC. It may not be possible for investors to effect service of process upon us or our Directors and senior management in the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the

Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"), pursuant to which a party with an enforceable final court judgment rendered by any designated PRC court or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant PRC court or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for you to effect service of process against our Directors and senior management in the PRC in order to seek recognition and enforcement of foreign judgments in the PRC.

Government control of currency conversion and future fluctuations Renminbi exchange rates could have a material adverse effect on our business, results of operations, financial condition and prospects, and may reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Substantially all of our revenue and expenses are denominated in Renminbi, which is currently not a freely convertible currency. A portion of such revenue must be converted into other currencies in order to meet our foreign currency obligations. For example, we will need to obtain foreign currency to make payments of declared dividends, if any, on our Shares.

Under the PRC existing foreign exchange regulations, following the completion of the Global Offering, we will be able to make current account foreign exchange transactions including paying dividends in foreign currencies without prior approval from the SAFE. However, in the future, the PRC government may take measures, at its discretion, to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. If such measures are implemented, we may not be able to pay dividends in foreign currencies to holders of our Shares. Foreign exchange transactions under our capital account are subject to significant foreign exchange controls and require the SAFE's approval. These limitations could affect our ability to obtain foreign exchange through offshore financing.

The value of the Renminbi against the Hong Kong dollar and the U.S. dollar and other currencies fluctuates, and is subject to changes in policies of the PRC and other governments, and depends to a large extent on domestic and international economic and political conditions. In August 2015, the PBOC announced that the mid-point exchange rate for the floating range of Renminbi against the U.S. dollar will be determined based on market maker submissions that take into account the Renminbi-U.S. dollar exchange rate at the previous day's closing of the inter-bank spot foreign exchange market, the supply and demand dynamics and the movements of other major currencies. Renminbi depreciated against the U.S. dollar by 3.7% by March 2016 following this August 2015 announcement by the PBOC. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the Hong Kong dollar and the U.S. dollar or other foreign currencies in the long-term, depending on the fluctuation of the basket of currencies against which it is currently valued, or it may be permitted to enter into a full float, which may also result in a significant appreciation or depreciation of the Renminbi against the U.S. dollar or other foreign currencies. We cannot assure you that Renminbi will not experience significant appreciation or depreciation against the U.S. dollar or other foreign currencies in the future.

Our proceeds from the Global Offering will be denominated in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currency may result in the decrease in the value of our foreign currency-denominated assets and our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividend payable on our Shares in foreign currencies. There are limited instruments available for us to reduce our foreign currency risk exposure at reasonable cost in the PRC, and we have not utilised, but may in the future utilise, any such instrument. Furthermore, we are also currently required to obtain the approval from SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, results of operations, financial condition and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

SAFE regulations may limit our ability to finance our PRC subsidiaries effectively with the net proceeds from the Global Offering, which may adversely affect the value of your investment and may make it more difficult for us to pursue growth through acquisitions.

We plan to finance our PRC subsidiaries with the net proceeds from the Global Offering through overseas shareholder loans or additional capital contributions, which require registration with, or approvals from, PRC government authorities. Any overseas shareholder loans to our foreign-invested PRC subsidiaries must be registered with the local branch of the SAFE as a procedural matter, and such loans shall not exceed the difference between the total investment amount of such subsidiaries and their respective registered capital. In addition, the amounts of the capital contributions and the amount of investment are subject to the approval of (or filing registration with) MOFCOM or its local counterpart. SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of an foreign-invested enterprise and capital in RMB obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (1) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (2) directly or indirectly used for investment in securities unless otherwise provided by relevant laws and regulations; (3) directly or indirectly used for granting the entrust loans in RMB (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in RMB that have been sub-lent to the third party; and (4) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises). Violations of SAFE Circular 19 may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to making future loans or capital contributions to our PRC subsidiaries with the net proceeds from the Global Offering. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We rely on dividends paid by our subsidiaries for our cash needs, and limitations under the PRC laws on the ability of our PRC subsidiaries to distribute dividends to us could adversely affect our ability to utilise such funds.

We are a holding company incorporated in the Cayman Islands, and we operate substantially all of our business through our operating subsidiaries in the PRC. We rely on dividends paid by these PRC subsidiaries for our cash needs, including the funds necessary to pay any dividend and other cash distributions to our Shareholders, to service any foreign currency debt we may incur and to make any offshore acquisition. The payment of dividends by PRC-incorporated entities in the PRC is subject to limitations. Current PRC regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends, loans or advances. We anticipate that in the foreseeable future our PRC subsidiaries will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. These limitations on the ability of our PRC subsidiaries to transfer funds to us limit our ability to receive and utilise such funds.

We may be deemed to be a PRC tax resident under the EIT Law and our global income may be subject to PRC corporate withholding tax under the EIT Law.

Pursuant to the EIT Law, if an enterprise incorporated outside the PRC has its "de facto management bodies" within the PRC, such enterprise would generally be deemed a "PRC resident enterprise" for tax purposes and be subject to an EIT rate of 25.0% on its global income. "De facto management body" is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, the SAT promulgated a circular to clarify the certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises. These criteria include: (1) the enterprise's senior management personnel and department who are responsible for managing the day-to-day production and operation perform their obligations primarily in the PRC; (2) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in the PRC; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC; and (4) 50% or more of voting board members or senior executives of the enterprise habitually reside in the PRC. According to these regulations, we may be regarded as a PRC resident enterprise by PRC tax authorities and pay EIT at a rate of 25.0% for all of our global income. In addition, the "de facto management bodies" determination is based on the principle of substance over form. The SAT further issued administrative rules in July 2011 and January 2014 regarding administrative procedures for recognising PRC resident enterprise status of a Chinese-invested company registered abroad.

According to the foregoing SAT circulars, a Chinese-invested company registered abroad could either apply for the PRC resident enterprise status with the competent PRC tax authorities in the place where its major PRC investor is located and the application will be subject to approval by competent PRC tax authorities, or be recognised as a PRC resident enterprise by competent PRC tax authorities. In this regard, there are uncertainties regarding whether a Chinese-invested company registered abroad would be treated as a PRC resident enterprise before obtaining the relevant approval from competent PRC tax authorities, and there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises which are not controlled by PRC enterprises (including companies like ourselves). Therefore, it remains unclear how the PRC tax authorities will treat a case such as ours. We cannot assure you that we will not be considered a PRC resident enterprise for EIT purposes and be subject to the uniform 25.0% EIT rate on our global income.

Gains on the sales of Shares and dividends on the Shares may be subject to PRC income taxes.

Under the EIT Law and its implementation rules, a PRC withholding tax at the rate of 10% is applicable to dividends paid by "PRC tax resident enterprises" to investors that are "non-PRC residents"; that is, investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their source within the PRC. Similarly, any gain realised on the transfer of shares of "PRC tax resident enterprises" by such investors is also subject to a PRC income tax, usually at a rate of 10% unless otherwise reduced or exempted by relevant tax treaties or similar arrangements, if such gain is regarded as income derived from sources within the PRC.

We are a holding company incorporated in the Cayman Islands and substantially all of our operations are in the PRC. There is uncertainty whether we will be considered a "PRC tax resident enterprise" for the purpose of the EIT Law. As a result, it is unclear whether dividends paid on our Shares, or any gain realised from the transfer of our Shares, would be treated as income derived from sources within the PRC and would as a result be subject to PRC income tax. If we are considered a "PRC tax resident enterprise", then any dividends paid to our Shareholders that are "non-PRC residents" and any gains realised by them from the transfer of our Shares may be regarded as income derived from PRC sources and, as a result, would be subject to a 10% PRC income tax, unless otherwise reduced or exempted. It is unclear whether, if we are considered a "PRC tax resident enterprise", our Shareholders would be able to claim the benefit of income tax treaties or agreements entered into between PRC and other countries or regions. If dividends paid to our non-PRC Shareholders that are "non-PRC residents" or gains from the transfer of our Shares are subject to PRC tax, the value of such non-PRC Shareholders' investment in our Shares may be materially and adversely affected.

Our dividend income from our foreign-invested PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate.

Under the EIT Law and its implementing rules, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the EIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with the PRC and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement. If certain conditions and requirements under the Hong Kong Tax Treaty, are met, the withholding rate could be reduced to 5%. However, the SAT Circular 601 provides that tax treaty benefits will be denied to "conduit" or shell companies without business substance, and a beneficial ownership analysis will be adopted based on a "substance over form" analysis to determine whether or not to grant tax treaty benefits to a "conduit" company. It is unclear whether SAT Circular 601 applies to dividends from our PRC operating subsidiaries paid to us through the Hong Kong intermediate holding company. It is possible, however, that under SAT Circular 601, the Hong Kong intermediate holding company would not be considered the "beneficial owner" of any such dividend, and that such dividends would, as a result, be subject to income tax withholding at the rate of 10% rather than the favourable 5% rate applicable under the Hong Kong Tax Treaty. In that case, our financial position and results of operations would be materially and adversely affected.

PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to make capital contributions into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect our financial position.

Under several regulations promulgated by the SAFE, PRC residents and PRC corporate entities are required to register with and obtain approval from local branches of the SAFE or designated qualified foreign exchange banks in the PRC in connection with their direct or indirect offshore investment activities. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local branch of the SAFE, with respect to any material change involving that offshore company, such as an increase or decrease in capital, transfer or swap of shares, merger or division. These regulations apply to direct and indirect holders of our Shares who are PRC residents and may apply to any offshore acquisitions that we make in the future. To the best of our knowledge, as of the Latest Practicable Date, the Employee Subscribers (other than the Resigned Employees), Mr. Shi and Mr. Huang, who are required to make the foreign exchange registration under SAFE Circular 37, had completed such registration with the local bank. However, we may not be fully aware or informed of the identities of all the PRC residents holding direct or indirect interests in us, and we cannot assure you that all of our shareholders and beneficial owners who are PRC residents will comply with these foreign exchange regulations.

If any PRC-resident Shareholder fails to make the required registration or update the previously filed registration, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into our PRC subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability on the related PRC-resident Shareholder or our PRC subsidiaries under PRC laws for evasion of applicable foreign exchange restrictions.

Failure to comply with PRC regulations relating to the registration of any granted shares that belong to our employees who are PRC citizens may subject such employees or us to legal or administrative sanctions.

In January 2007, the SAFE issued the Implementing Rules for the Administrative Measures of Foreign Exchange Matters for Individuals (個人外匯管理辦法實施細則), which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. In addition, the Notice on Relevant Issues Concerning the Administration of Foreign Exchange in respect of Domestic Individuals' Participating in the Share Incentive Schemes of Overseas-Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), or SAFE Circular 7, was promulgated by the SAFE on February 15, 2012.

In accordance with SAFE Circular 7, PRC residents who are granted shares or share options by an overseas publicly listed company under a share incentive scheme are required, through the PRC subsidiary of the overseas publicly listed company, to entrust a PRC agent to register with the SAFE or its local counterpart and complete certain procedures relating to the share incentive schemes. We and our PRC employees who receive shares will be subject to these regulations when we are listed on the Stock Exchange, and we will require our PRC employees to obtain approval from the SAFE or its local branches when joining the share incentive scheme in order to comply with relevant rules. If we or our PRC employees fail to comply with these regulations, we or our PRC employees may be subject to a maximum fine of RMB300,000 and other legal or administrative sanctions.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operation, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) ("**SAT Circular 698**") issued by the SAT in December 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company (an "**Indirect Transfer**"), and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax.

On March 28, 2011, the SAT released the SAT Public Notice (2011) No. 24 ("**SAT Public Notice 24**"), which became effective on April 1, 2011, to clarify several issues related to SAT Circular 698. According to SAT Public Notice 24, the term "effective tax" refers to the effective tax on the gain derived from disposition of the equity interest of an overseas holding company; and the term "does not impose income tax" refer to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the jurisdiction where the overseas holding company is a resident.

On February 3, 2015, the SAT issued (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("**SAT Circular 7**"), which abolished certain provisions in SAT Circular 698, as well as certain other rules providing clarification on SAT Circular 698. SAT Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of PRC taxable assets. Under SAT Circular 7, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC taxable assets, when a non-resident enterprise transfers PRC taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC taxable assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC enterprise income taxes and without any other reasonable commercial purpose. However, SAT Circular 7 contains certain exemptions, including (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling shares of an overseas listed holding company which holds such PRC taxable assets on a public market; and (ii) where there is an indirect transfer of PRC taxable assets, but if the non-resident enterprise had directly held and disposed of such PRC taxable assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement.

We have conducted and may conduct acquisitions involving changes in corporate structures, and historically our shares were transferred by certain then shareholders to our current shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

RISKS RELATING TO THE SPIN-OFF AND THE GLOBAL OFFERING

We may not be successful as an independent company with public shareholders.

Prior to completion of the Reorganisation, we operated as a business segment of China Silver Group. Following completion of the Global Offering, we will operate as an independent company. No member of the Remaining Group will be under any obligation to provide any assistance to us. Further information on the relationships between the Remaining Group and us is set forth in the sections headed "Relationship with Our Controlling Shareholder" and "Connected Transactions" in this prospectus. As a listed company with public shareholders, we will need to continue to modify and improve our financial and management control systems to operate effectively. If we fail to continue to implement and improve these control measures in a timely manner, our business, financial condition and operating results could be adversely affected.

There is no existing public market for our Shares and their liquidity and market price may fluctuate.

Prior to the Global Offering, there has been no public market for our Shares. We cannot assure you that an active trading market for our Shares will develop and be sustained following the Global Offering. In addition, the initial issue price range for our Shares was the result of negotiations between our Company and the Sole Global Coordinator, and the Offer Price may differ significantly from the market price of our Shares following the completion of the Global Offering. We have applied for the listing of and permission to deal in our Shares on the Stock Exchange. The Listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, that it will be sustainable following the Global Offering or that the market price of our Shares will not decline after the Global Offering.

Furthermore, the price and trading volume of our Shares may be volatile. The following factors, among others, may cause the market price of our Shares after the Global Offering to vary significantly from the Offer Price, some of which are beyond our control:

- variations in our revenue, earnings and cash flow;
- unexpected business interruptions resulting from natural disasters or power shortages;
- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete effectively in the market;
- political, economic, financial and social developments in the PRC and Hong Kong and in the global economy;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance; and
- involvement in material litigation.

Our Controlling Shareholder has substantial control over the Company and its interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholder will retain substantial control over our Company. Subject to the Articles of Association, the Companies Ordinance and the Cayman Islands Companies Law, the Controlling Shareholder will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Controlling Shareholder may differ from the interests of other Shareholders and our Controlling Shareholder is free to exercise its votes right according to its interests. To the extent that the interests of the Controlling Shareholder conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

Future issuances or sales, or perceived issuances or sales, of substantial amounts of our Shares in the public market could materially and adversely affect the prevailing market rates of our Shares and our ability to raise capital in the future.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, including by our Controlling Shareholder, or the issuance of new Shares by us, or the perception that such sales or issuances may occur. The Shares held by our Controlling Shareholder are subject to certain lock-up arrangements. Please see the section headed "Underwriting — Underwriting Arrangements and Expenses — Lock-up — Undertakings pursuant to the Hong Kong Underwriting Agreement — Undertaking by the Controlling Shareholder" in this prospectus for more information. After the restrictions of the lock-up arrangements expire, our Controlling Shareholder may dispose of our Shares. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favourable to us, and our Shareholders may experience dilution in their holdings upon the issuance or sale of additional securities in the future.

There will be a time gap of several business days between pricing and trading of our Shares offered under the Global Offering. The market price of our Shares when trading begins could be lower than the Offer Price.

The Offer Price of our Shares will be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, Shareholders are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Future financing may cause a dilution in your shareholding or place restrictions on our operations.

We may raise additional funds in the future to finance the expansion of our capacity, the enhancement of our research and development capabilities, the development of our operations, acquisitions or strategic partnerships. If additional funds are raised through the issuance of our new equity or equity-linked securities other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders in us may be reduced, and such new securities may confer rights and privileges that may take priority over those conferred by the Shares. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;

- require us to dedicate a substantial portion of our cash flows from operations to service our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate needs; and

- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering.

Potential investors will pay a price per Share in the Global Offering that substantially exceeds the per Share value of our net tangible assets as of 31 October 2017. Therefore, purchasers of our Shares in the Global Offering will experience immediate dilution based on our pro forma net tangible assets per Share as of 31 October 2017. See the section headed “Appendix II — Unaudited Pro Forma Financial Information” to this prospectus for more information. In addition, holders of our Shares may experience a further dilution of their interest if the Sole Global Coordinator exercises the Over-allotment Option.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official governmental sources or other sources contained in this prospectus.

Certain facts, statistics and data contained in this prospectus relating to the PRC, its economic conditions and the jewellery retail industry have been derived from various government publications or other third party reports we generally believe to be reliable. We have taken reasonable care in the reproduction or extraction of the government publications or other third party reports for the purpose of disclosure in this prospectus and have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us or any of our affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC and Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this prospectus may be inaccurate or may not be comparable to statistics produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, you should give due consideration as to how much weight or importance you should attach to or place on such facts, forecasts and statistics.

The ability of Shareholders to bring actions or enforce judgments against us or our Directors may be limited.

We are organised under the laws of the Cayman Islands. As a result, a Shareholder may not be able to enforce a judgment against us or some or all of our Directors and executive officers outside the Cayman Islands. It may not be possible for a Shareholder to effect service of process upon our Directors and executive officers within the Shareholder’s country of residence or to enforce against our Directors and executive officers judgments of courts of the Shareholder’s country of residence. There can be no assurance that a Shareholder will be able to enforce any judgments in civil and commercial matters against our Directors or executive officers who are residents of countries other than those in which judgment is made.

You may face difficulties in protecting your interests because we were incorporated under Cayman Islands laws, and the laws of the Cayman Islands for minority shareholders’ protection may be different from those under the laws of Hong Kong or other jurisdictions.

We are a Cayman Islands company and our corporate affairs are governed by the Cayman Islands Companies Law and other laws of the Cayman Islands. The laws of Cayman Islands relating to the protection of the interest of minority shareholders differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Therefore, remedies available to the minority shareholders of our Company may be less effective than those they would have under the laws of Hong Kong or other jurisdictions. See the section headed “Appendix IV — Summary of the Constitution and Cayman Islands Companies Law” to this prospectus for more information.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

We cannot guarantee when, if or in what form and amount dividends will be declared or paid on our Shares following the Global Offering. A decision to declare or pay any dividend and the amount of dividends is subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. In addition, as a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our operating subsidiaries. The calculation of our operating subsidiaries' profit under applicable accounting standards differs in certain aspects from the calculation under IFRSs. Accordingly, we may not have sufficient or any profit to enable us to make dividend distributions to our Shareholders in the future, even if our IFRSs financial statements indicate that our operations have been profitable. See the section headed "Financial Information—Dividend" in this prospectus for more information.

The market price and trading volume of our Shares may be volatile, which may result in substantial losses for investors in our Shares.

The price and trading volume of our Shares may fluctuate widely in response to factors beyond our control. The factors that could cause significant market price change include but do not limit to the following:

- changes in our results of operations, earnings and cash flows, and securities analysts' estimates of our financial performance;
- changes in competitive landscapes of our industries, including strategic alliances, acquisitions or joint ventures by us or our competitors;
- changes in general economic conditions affecting us or our industries;
- regulatory developments, and our inability to obtain or renew necessary licenses and permits;
- changes in our senior management;
- fluctuations of the general stock market, particularly fluctuations in stock prices of other companies that operate mainly in China and are listed on the Stock Exchange; and
- material litigation or regulatory investigations affecting us or our senior management.

You should only place reliance on information released by us including this prospectus, the Application Forms and other formal announcements made with respect to our Global Offering, and not place any reliance on any information contained in press articles or other media when making your investment decision.

We have not authorised anyone to provide you with information that is not contained in this prospectus and the Application Forms. Any financial information, financial projections, valuations, and other information purportedly about us contained in any press articles or other media have not been authorized by us and we make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. In making your decision as to whether to purchase our Offer Shares, you should rely only on the information in this prospectus, the Application Forms and other formal announcements made with respect to our Global Offering.

In preparation for the Global Offering, we have sought the following waivers from strict compliance with certain provisions of the Listing Rules and exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute non-exempt continuing connected transactions of our Company under the Listing Rules after the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. For more details on such connected transactions and the waiver, see "Connected Transactions — Application for Waiver".

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our Company's headquarters and our major business operations are based in the PRC and all of our three executive Directors (namely Mr. Chen, Mr. Zhang and Mr. Qian) have been, are and are expected to be based in the PRC and are not ordinarily resident in Hong Kong. We believe it would be more effective and efficient for most of our executive Directors to be based in a location where we have significant operations and so that the Group's management is best able to attend to its functions by being based in the PRC. As such, we will not be able to comply with the requirements of Rule 8.12 of the Listing Rules for sufficient management presence in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the following conditions:

(a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Chen, an executive Director and Mr. LEE Jackie Kai Yat (李介一) ("**Mr. Lee**"), our joint company secretary. They will be able to meet with the Stock Exchange on reasonable notice upon the request of the Stock Exchange and be readily contactable by telephone, facsimile and email by the Stock Exchange;

(b) the authorised representatives have means to contact all the Directors promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters;

(c) each of the Directors who is not an ordinarily resident in Hong Kong possesses valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period of time, if required;

(d) we have, in compliance with Rule 3A.19 of the Listing Rules, engaged Halcyon Capital Limited as our compliance adviser, who will act as an additional channel of communication with the Stock Exchange; and

(e) each of the Directors will provide his respective mobile phone numbers, office phone numbers, email addresses and facsimile numbers to the Stock Exchange.

JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules, which stated that a company secretary must be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Below are the academic or professional qualifications as set out in Note (1) to Rule 3.28 of the Listing Rules, where the Stock Exchange considers acceptable:

(a) a member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) ("**Legal Practitioners Ordinance**"); or

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note (2) to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the listing applicant and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance and the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**");

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Lee as a joint company secretary. Mr. Lee has approximately 14 years of experience in accounting, finance and financial management and is a member of the Association of Chartered Certified Accountants. While the Directors consider Mr. Lee is capable of discharging his duty as a company secretary of the Company by virtue of his academic background, professional qualifications and experience, he is neither a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance nor a professional accountant, as required under Note (1) to Rule 3.28 of the Listing Rules. We have therefore appointed Mr. WONG Yat Sum ("**Mr. Wong**") to act as a joint company secretary. Mr. Wong is a fellow of the Hong Kong Institute of Certified Public Accountants. Accordingly, Mr. Wong fully complies with the requirements as stipulated under Rules 3.28 and 8.17 of the Listing Rules. We have engaged Mr. Wong as joint company secretary for a minimum period of three years commencing from the Listing Date, during which he will assist and guide Mr. Lee to enable him to acquire the "relevant experience" under Note (2) to Rule 3.28 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. The waiver is granted on the condition that we engage Mr. Wong, who possesses all the requisite qualifications required under Rules 3.28 of the Listing Rules, to assist Mr. Lee in his discharge of duties as a joint company secretary and in gaining the "relevant experience" as required under Note (2) to Rule 3.28 of the Listing Rules. Our Company understands that, upon expiry of the three-year period, the Stock Exchange will revisit the situation. We shall then demonstrate to the Stock Exchange's satisfaction that Mr. Lee, having had the benefit of Mr. Wong's assistance for three years, would then have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary. Our Company understands and acknowledges that the waiver will be revoked if Mr. Wong ceases to provide assistance to Mr. Lee as our joint company secretary within the three-year period after Listing.

For further details of Mr. Lee's and Mr. Wong's biographies, see "Directors and Senior Management — Joint Company Secretaries".

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND THE EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Rule 4.04(1) of the Listing Rules ("**Rule 4.04**") requires that the accountants' report to be included in a listing document must include the consolidated results of the listing applicant in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Stock Exchange.

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**Ordinance**") requires all prospectuses to include an accountants' report which contains the matters specified in the Third Schedule to the Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Ordinance ("**Paragraph 27**") prescribes that a statement as to the gross trading income or sales turnover of the listing applicant for each of the three financial years preceding the issue of the prospectus including an explanation of the method used for the computation of such income or turnover, and a reasonable breakdown between the more important trading activities, be included in the prospectus.

Paragraph 31 of Part II of the Third Schedule to the Ordinance ("**Paragraph 31**") further prescribes that a report by the auditors of the listing applicant with respect to (i) the profits and losses of the listing applicant for each of the three financial years immediately preceding the issue of the prospectus; and (ii) the assets and liabilities of the listing applicant at the last date to which the accounts of the listing applicant were made up, be included in the prospectus.

The Accountants' Report set out in Appendix I to this prospectus includes the audited consolidated results of our Group for each of the three financial years ended 31 December 2016 and the ten months ended 31 October 2017.

The Company has sought a waiver and exemption from Rule 4.04, Paragraph 27 and Paragraph 31 as the strict compliance with the requirements thereunder would be unduly burdensome and the waiver and exemption thereof would not prejudice the interest of the investing public for the following reasons:

(a) The exemption would not prejudice the interests of the investing public.

The Accountants' Report is made up to 31 October 2017. The Directors have confirmed that, after performing sufficient review, that there has been no material adverse change in the financial and trading position or prospects of the Group since 31 October 2017 and that there has been no event which would materially and adversely affect the information contained in the Accountants' Report. The Directors have also confirmed that sufficient review up to the Latest Practicable Date has been conducted to ensure that there has been no material adverse change in the financial and trading position or prospects of the Group since 31 October 2017 and up to the Latest Practicable Date and that there is no event which would materially and adversely affect the information contained in the Accountants' Report and the profit estimate for the year ended 31 December 2017 in this prospectus.

(b) Strict compliance with the relevant requirements would be unduly burdensome.

The date of this prospectus is 28 February 2018. It would be impracticable for the audited results of the Group for the financial year ended 31 December 2017 to be finalized shortly after the year end. If the full-year audited results for the financial year ending 31 December 2017 are to be included, there will be a significant delay in the listing timetable. It will also be be unduly burdensome for the Company to produce, and its Reporting Accountants to audit the financial statements for the year ending 31 December 2017 to meet the proposed listing timetable. The Directors consider that the benefits of such work may not justify the additional work and expenses involved and the significant delay in the listing timetable, given that (i) there has been no significant change in the financial and trading position or prospects of the Group since 31 October 2017, being the last day of the period reported on by the Reporting Accountants; and (ii) the prospectus has included a profit estimate for the year ended 31 December 2017 (which would comply with Rules 11.17 to 11.19 of the Listing Rules).

(c) No material adverse change

The Directors and the Sole Sponsor confirm that they have performed sufficient review up to the Latest Practicable Date to ensure that since 31 October 2017:

(i) there has been no material adverse change in the financial and trading position or prospect of the Group; and

(ii) there has been no event that would materially and adversely affect the information contained in the Accountants' Report and the profit estimate for the year ended 31 December 2017.

Accordingly, an application has been made to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, on the following conditions:

(a) our Company's shares will be listed on the Stock Exchange on or before 31 March 2018;

(b) our Company must obtain a certificate of exemption from the SFC on compliance with the requirements under Section 342(1) of the Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Ordinance (the "**Ordinance Requirements**");

(c) a profit estimate for the financial year ended 31 December 2017 (which must comply with Rules 11.17 to 11.19 of the Listing Rules) is included in this prospectus;

(d) a Directors' statement that, save for the listing expenses, there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from 31 October 2017 to 31 December 2017 is included in this prospectus; and

(e) the Company will comply with the requirements under Rule 13.49 and Rule 13.46 of the Listing Rules in respect of the publication of its preliminary results and annual report for the financial year ended 31 December 2017, respectively.

Further, an application has been made to the SFC for an exemption, and the SFC has issued a certificate of exemption, from strict compliance with the Ordinance Requirements on the following conditions:

(a) this prospectus will be issued on or before 28 February 2018 and our Company's shares will be listed on the Stock Exchange on or before 31 March 2018 (i.e. three months after the latest financial year end of the Company); and

(b) the particulars of the exemption are set forth in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public about us. The Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ABOUT THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

For further details of the structure of the Global Offering, including its conditions, please refer to the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Applications Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date.

The Offer Price is expected to be fixed by the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, 5 March 2018, and, in any event, not later than Monday, 12 March 2018, (unless otherwise determined by the Sole Global Coordinator (on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Sole Global Coordinator and our Company on or before Monday, 12 March 2018, the Global Offering will not become unconditional and will lapse immediately.

Further information about the Underwriters and the underwriting arrangements is set out in the section headed "Underwriting".

RESTRICTIONS ON SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering and the exercise of the Over-allotment Option. Dealings in our Shares on the Stock Exchange are expected to commence on Tuesday, 13 March 2018.

No part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in "Structure of the Global Offering".

SHARE REGISTER AND STAMP DUTY

All Shares issued pursuant to applications made in the Global Offering will be registered on our Company's share register of members to be maintained by Computershare Hong Kong Investor Services Limited in Hong Kong. Our principal register of members will be maintained by Intertrust Corporate Services (Cayman) Limited in the Cayman Islands.

Dealings in the Shares registered in our register of members in Hong Kong will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice. Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our register of members in Hong Kong, by ordinary post, at the Shareholders' risk in Hong Kong dollars.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in the Shares. It is emphasized that none of us, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding, disposal of or dealing in the Shares.

EXCHANGE RATES

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK$1.00 to RMB0.8109, Renminbi into U.S. dollars at the rate of US$1.00 to RMB6.3428 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.8215. The above exchange rates are based on or derived from exchange rates quoted by the PBOC for foreign exchange transactions prevailing on 14 February 2018.

No representation is made that any amounts in HK$, RMB and US$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. CHEN He (陳和)	Unit 1201, Block A, Jincui Garden, No.2 Tianbei Road, Luohu District, Shenzhen, Guangdong, the PRC	Chinese
Mr. ZHANG Jinpeng (張金鵬)	Flat O, 21/F, Block B, Landmark House, 1040 Honggui Road, Luohu District, Shenzhen, Guangdong, the PRC	Chinese
Mr. QIAN Pengcheng (錢鵬程)	Unit 1201, Block A, Jincui Garden, No.2 Tianbei Road, Luohu District, Shenzhen, Guangdong, the PRC	Chinese
Independent Non-executive Directors		
Mr. FU Lui (府磊)	Flat D, 7/F, Block 8 Pristine Villa Tao Fung Shan Road Sha Tin New Territories Hong Kong	Chinese
Mr. HU Qilin	Room 2102, Unit 4 Building 1 Xue Fu Shu Jia Yuan District 4 Beijing, the PRC	American
Mr. ZHANG Zuhui (張祖輝)	Rm 6E, Haitian Yise Hai Rui Court No. 8 Haijing Road Yantian District Shenzhen, Guangdong, the PRC	Chinese

For further details of our Directors, see “Directors and Senior Management”.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**China Merchants Securities (HK) Co., Limited** 48/F., One Exchange Square Central Hong Kong
Sole Global Coordinator	**China Merchants Securities (HK) Co., Limited** 48/F., One Exchange Square Central Hong Kong
Sole Bookrunner	**China Merchants Securities (HK) Co., Limited** 48/F., One Exchange Square Central Hong Kong
Joint Lead Managers	**China Merchants Securities (HK) Co., Limited** 48/F., One Exchange Square Central Hong Kong **Head & Shoulders Securities Limited** Room 2511, 25/F, Cosco Tower 183 Queen's Road Central Hong Kong
Legal Advisers to our Company	*as to Hong Kong law:* **Sullivan & Cromwell (Hong Kong) LLP** 28th Floor Nine Queen's Road Central Hong Kong *as to PRC law:* **Jingtian & Gongcheng** 34/F., Tower 3, China Central Place 77 Jianguo Road Beijing the PRC *as to Cayman Islands law:* **Ogier** 11th Floor Central Tower 28 Queen's Road Central Central Hong Kong
Legal Advisers to the Underwriters	*as to Hong Kong law:* **DLA Piper Hong Kong** 17th Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *as to PRC law:* **Commerce & Finance Law Offices** 6/F, NCI Tower A12 Jianguomenwai Avenue Beijing the PRC

Reporting Accountants	**Deloitte Touche Tohmatsu** Certified Public Accountants 35th Floor, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 1014-1018, Tower B 500 Yunjin Road Xuhui District Shanghai PRC
Compliance Adviser	**Halcyon Capital Limited** 11th Floor 8 Wyndham Street Central Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered office	Intertrust Corporate Services (Cayman) Limited 190 Elgin Avenue George Town Grand Cayman KY1-9007 Cayman Islands
Headquarters in the PRC	6th Floor and Unit A of 5th Floor Baolin International Gold Jewelry Trade Center 2nd Building, 3 Shuitian Second Street, Shuibei First Avenue, Cuizhu Block, Luohu District Shenzhen, Guangdong Province the PRC
Principal place of business in Hong Kong	Rm 1417, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Sheung Wan Hong Kong
Place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Rm 1417, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Sheung Wan Hong Kong
Company's Website	**www.csmall.com** *(The information on the website does not form part of this prospectus)*
Joint Company Secretaries	Mr. LEE Jackie Kai Yat (李介一) *(ACCA)* Room B, 15/F Tower 2, Parc Regal 19 Ho Man Tin Hill Road Hong Kong Mr. WONG Yat Sum (黃一心) *(FCCA; FCPA)* Flat C, 2/F, Block C Rear 60 Castle Peak Road, Kowloon Hong Kong
Authorised Representatives	Mr. CHEN He (陳和) Unit 1201, Block A, Jincui Garden No.2 Tianbei Road, Luohu District Shenzhen, Guangdong the PRC Mr. LEE Jackie Kai Yat (李介一) Room B, 15/F Tower 2, Parc Regal 19 Ho Man Tin Hill Road Hong Kong
Audit Committee	Mr. FU Lui (府磊) *(Chairman)* Mr. HU Qilin Mr. ZHANG Zuhui (張祖輝)

Remuneration Committee	Mr. ZHANG Zuhui (張祖輝) *(Chairman)* Mr. FU Lui (府磊) Mr. HU Qilin
Nomination Committee	Mr. CHEN He (陳和) *(Chairman)* Mr. FU Lui (府磊) Mr. ZHANG Zuhui (張祖輝)
Cayman Islands Principal Share Registrar and Transfer Agent	Intertrust Corporate Services (Cayman) Limited 190 Elgin Avenue George Town Grand Cayman KY1-9007 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Bankers	China Merchants Bank Co., Ltd. (招商銀行股份有限公司) 7088 Shennan Boulevard, Futian District Shenzhen, Guangdong Province the PRC
	Industrial Bank Co., Ltd. (興業銀行股份有限公司) 154 Hudong Road Fuzhou, Fujian Province the PRC

The information presented in this section, including certain facts, statistics and data, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us, unless otherwise indicated. We believe that these sources are appropriate for such information and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or adversely impact the quality of the information of this section. However, the information has not been independently verified by the Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. Accordingly, you should not place undue reliance on such information or statistics. In addition, the information and statistics may not be consistent with other information and statistics compiled within or outside of the PRC.

SOURCE OF INFORMATION

The Company has commissioned Frost & Sullivan to conduct a study of the integrated online and offline jewellery retail market in the PRC. Frost & Sullivan is an independent global market research and consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists as of the date of the Frost & Sullivan Report. We paid a total project fee of RMB350,000 to Frost & Sullivan for the preparation and use of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the result of the Frost & Sullivan Report.

The methodologies used by Frost & Sullivan in gathering the relevant market data in compiling the Frost & Sullivan Report included primary interviews and secondary research. Primary interviews are conducted with relevant institutions or individuals to obtain objective and factual data and prospective predictions. The results of primary interviews are for reference only. Secondary research involves integration of data and publication from publicly available resources, including official data and announcements from government authorities of the PRC and market research reports on industry and market participants issued by the Company's major competitors. Our Directors are of the view that the information set forth in this section is reliable and not misleading as the information was extracted from the Frost & Sullivan Report and Frost & Sullivan is an independent professional market research company with extensive experience in its profession. Frost & Sullivan collected the information and data using the aforesaid methodologies and such information and data was carefully analysed, assessed and validated using its in-house analysis models and techniques.

ASSUMPTIONS

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environments of the PRC are likely to remain stable in the forecast period; (ii) the PRC's economy is assumed to maintain steady growth in the forecast period; (iii) key industry drivers mentioned in this section are likely to promote the stable and healthy development of the PRC's jewellery retail market in the forecast period; and (iv) there will not be war or large scale disaster during the forecast period.

OVERVIEW OF THE PRC ECONOMY

The increasing urbanisation and growing per capita disposal income in the PRC have contributed to the rapid growth in demand for consumer goods. Total retail revenue of consumer goods in the PRC amounted to RMB33.2 trillion in 2016, up from RMB21.4 trillion in 2012, representing a CAGR of 11.6% from 2012 to 2016. In recent years, the PRC government has released a series of stimulus policies aiming to boost domestic consumption. The PRC government has indicated its great determination in transforming the PRC economic structure from an investment-driven economy to a consumption-driven economy. The initiative is expected to drive further growth in retail consumption in the PRC. According to the Frost & Sullivan Report, the total retail revenue of consumer goods in the PRC is expected to reach RMB55.1 trillion in 2021, growing at a CAGR of 10.7% from 2016.

OVERVIEW OF THE JEWELLERY RETAIL MARKET IN THE PRC

Definition of Jewellery

Jewellery is broadly defined as a form of personal adornment or collectibles with investment value, which primarily takes the form of rings, earrings, necklaces, pendants, bracelets, charms, brooches and other collectibles. Jewellery is generally categorised into gold jewellery, silver jewellery, gem-set jewellery and other jewellery. Jewellery's value may appreciate depending on its material properties, its patterns, or for meaningful symbols. In term of sales revenue, the gold and silver jewellery markets each accounted for 61.0% (RMB431.9 billion) and 6.9% (RMB48.9 billion), respectively, in the PRC jewellery retail market in 2016.

Categories of Jewellery

Gold Jewellery: Gold is a dense, soft, shiny metal and the most malleable and ductile metal known. Pure gold has a bright yellow colour and lustre traditionally considered attractive, which it maintains without oxidising in air or water. Gold jewellery includes jewellery mainly made of gold, gold bars and other gold products.

Silver Jewellery: The silver used in modern jewellery is usually sterling silver, or 92.5% fine silver with 7.5% copper. Sterling silver (stamped 925) is harder than pure silver and has a lower melting point (893°C) than either pure silver or pure copper. Silver bars and certain silverware are made of pure silver (stamped 999). Silver is an extremely soft, ductile and malleable transition metal that is slightly less malleable than gold.

Karat gold Jewellery: Karat gold jewellery refers to jewellery primarily made of karat gold, an alloy of gold and at least one kind of other metals, such as silver, copper, nickel and aluminum. It is the amount of alloy that determines the karatage for karat gold.

Diamond Jewellery: Diamond jewellery is jewellery mounted with diamonds that are usually laid in platinum or karat gold. Diamonds are expensive due to its scarcity. The prices of diamonds vary primarily depending on their color, carat, clarity and cut.

Platinum Jewellery: Platinum jewellery, marked as "Pt", is jewellery with more than 85% of its raw materials being platinum. Platinum is a white and durable metal and generally used in jewellery in its almost pure form. Platinum jewellery has three classifications comprising 990 (99%Pt), 950 (95%Pt) and 900 (90%Pt).

Others: Other jewellery mainly includes jewellery that is made of, or mounted with, gemstones, jade or pearls. A gemstone or gem is a mineral, which, in cut and polished form, is used to make jewellery or other adornments. Jade is a kind of metamorphic rock made of silicate minerals of nephrite or jadeite. Pearls are generally considered as organic gemstones and classified by origin, then graded by size, shape, thickness, colour, lustre, surface clarity and matching.

JEWELLERY RETAIL MARKET IN THE PRC

In terms of sales channels, the jewellery retail market in the PRC is categorised into two segments, comprising the offline jewellery retail market and the online jewellery retail market. Participants in the offline jewellery retail market are jewellery retailers which generate more than 50% of their sales revenues from offline transactions, and participants in the online retail market are jewellery retailers having more than 50% their sales revenues from online transactions.

Offline Retail Market in the PRC

Traditional brick-and-mortar retail shops are the main sales channels in the PRC jewellery retail market. In 2016, the sales revenue generated from the offline jewellery retail market in the PRC amounted to approximately RMB661.7 billion, accounting for approximately 93.5% of the sales revenue generated from the PRC jewellery retail market. Participants in the offline jewellery retail market primarily establish retail shops in areas with stable customer traffic or in department stores and shopping malls. Offline jewellery retailers, as compared with online jewellery retailers, are able to offer customer services including trial and fitting service, size modification service, and more convenient return and exchange services. In the PRC jewellery retail market, typical offline jewellery retailing brands include Chow Tai Fook (周大福), Chow Sang Sang (周生生), Shanghai Lao Feng Xiang (上海老鳳祥) and Luk Fook (六福). In recent years, these brand retailers have gradually acknowledged the importance of the online sales channels and have set up their official online sales platforms to supplement their offline points of sales.

Online Retail Market in the PRC

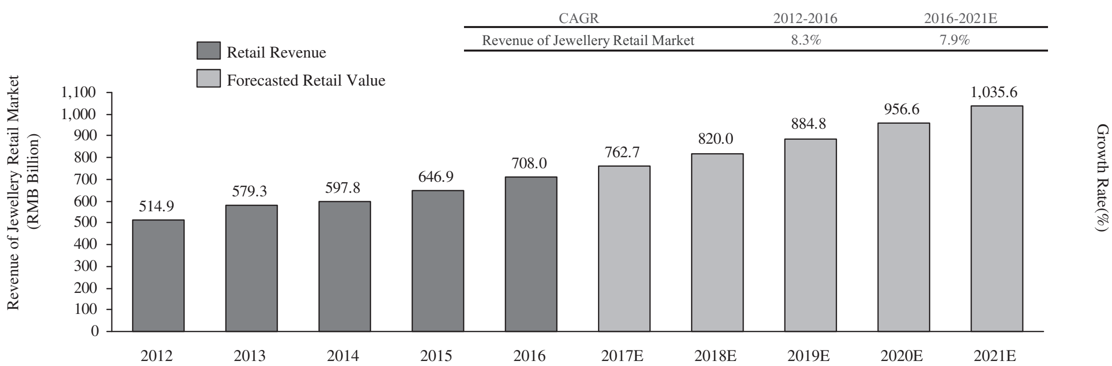
Online jewellery retailers can be categorised as those who purely sell products online and those who adopt an integrated online and offline retail model.

Pure Online Retail Market: Certain online jewellery retailers adopt a business model whereby they distribute all or substantially all of their jewellery products through online platforms and they do not operate any retail shops. Online retailing allow customers to source and order jewellery products via Internet. Typically, these online retailers in the PRC jewellery retail market sell their products through third-party online platforms such as Taobao or JD.com, and in some cases, they will also establish their own websites or mobile Apps to sell their products. These online retailers generally sell their own branded jewellery products or unbranded ones at relatively lower prices. Due to the absence of offline retail shops, customers do not have convenient access to jewellery fitting and maintenance services.

Integrated Online and Offline Retail Market: Market participants of the integrated online and offline retail market include our Group, Zbird (鑽石小鳥), and Makelumer (每克拉美), among others. Such retailers not only offer diversified products through online shopping platforms, but also establish offline presence, including exhibition halls and retail shops to provide comprehensive services to enhance their customers' shopping experiences. In recent years, integrated online and offline retailing channels have developed and expanded rapidly. In 2016, the sales revenue of this market reached RMB34.0 billion, accounting for approximately 73.3% of the total sales revenue of the PRC online retail market.

Revenue of the PRC Jewellery Retail Market

Revenue of the PRC Jewellery Retail Market 2012-2021E



Source: Frost & Sullivan Report

The PRC jewellery retail market witnessed steady growth from 2012 to 2016. The sales revenue of the PRC jewellery retail market increased from RMB514.9 billion in 2012 to RMB708.0 billion in 2016, realising a CAGR of 8.3% from 2012 to 2016. Due to factors including the increase in per capita disposable income of PRC citizens, improvement of living standards and the expansion of sales channels of the retail market, the PRC jewellery retail market is estimated to grow at a CAGR of 7.9% from 2016 to 2021, reaching a total sales revenue of RMB1,035.6 billion in 2021.

Main Drivers of the PRC Jewellery Retail Market

Increasing Purchasing Power

The PRC economy has grown rapidly over the past decades. With increasing disposable income, consumers have been able to improve their standards of living. According to the PRC National Bureau of Statistics, the per capita annual disposable income of urban households has been increasing steadily in the PRC over the past years from RMB24,565 to RMB33,616, representing a CAGR of 8.2% from 2012 to 2016. The strong economic developments in the past decade have paved the way for rapid growth in jewellery sales in the PRC.

Traditional Symbolisation of Gold in the PRC

Traditionally, gold is a symbol of wealth and this perception has deep roots in Chinese culture since ancient times. For example, gifts made of gold are often given as gifts to newly-wed couples and new-born babies as a gesture of good wishes. However, per capita amount of gold owned in the PRC is still low, being 8 grams and falls substantially below the global average level of 30 grams to 40 grams. The market demand for gold products therefore has great potential to grow in the PRC. As an increasing number of Chinese consumers regard gold as an effective tool for maintaining and increasing the value of assets, the demand for investment in gold bars in China is expected to further increase substantially in the upcoming years. In addition, a growing number of customers purchase gold and silver bars though online platforms primarily due to the competitive pricing and convenience of online shopping to the extent the platform operators provide satisfactory quality assurance.

The Growing Demand for Diversified Designs and Brand Value

In the past, jewellery companies focused on the expansion of their sales channels to increase their scale, thus leading to product homogeneity. As the jewellery market evolves due to changing customer preferences, consumer demand will shift from focusing on only the raw materials used in each product to the designs and brand of the product. Therefore, the future of the jewellery industry will continue to evolve and embrace the product philosophy of affordable luxury.

Future Opportunities and Challenges of the PRC Jewellery Retail Market

Intensifying Market Competition

There are more than 2,000 OEM contractors for jewellery products in the PRC. The development of PRC's supply chain and mass production ability have led to a growing number of international jewellery retailers establishing their manufacturing centres in the PRC, especially in Shenzhen and the Panyu district of Guangzhou. Such trend is expected to intensify the market competition among jewellery retailers in the PRC.

Consolidation and Vertical Integration

As with the general retail environment, there is a gradual tendency for consolidation in the PRC jewellery industry. On marketing integration and distribution, a growing number of jewellery factories in the PRC produce and distribute their own branded jewellery collections or enter into franchise agreements with other local companies or enter into the global jewellery market. Such consolidation and integration may change the competition landscape significantly.

Innovation Capabilities

In the PRC, the jewellery market presented high homogenisation due to the lack of innovation capabilities. However, with the growing demand for fashionable and personalised jewellery products, innovation has become critical for jewellery retailers and jewellery designers.

Entry Barriers to the PRC Jewellery Retail Market

Capital Intensive Industry

The raw materials used in the production of jewellery are precious metals or gemstones with high value, resulting in the relatively high value of jewellery products. This means that new jewellery retailers require substantial capital to start up their businesses, making it very difficult for retailers to enter the jewellery market without sufficient capital resources. The capital barrier also adds to the difficulty for new enterprises to promote their brand awareness as well as their market penetrations.

Establishing and Expanding Sales Network

A sales network with sufficient breadth and depth is critical for a jewellery brand to increase its market share and enhance its brand recognition. Establishing and expanding sales network require significant capital investments and long-term efforts. Store space rentals can incur heavy costs for jewellery retailers, especially those in high-end malls and department stores, which are usually very selective on jewellery brands to be sold therein.

Relationship with Raw Material Suppliers

Finding reliable suppliers that can provide high quality and ample supply of raw materials, including gold, silver, gemstones, among others, with commercially reasonable costs is essential for participants in the PRC jewellery retail market. The ability of new entrants to build sustainable relationships with raw material suppliers and obtain competitive price in the short term is limited.

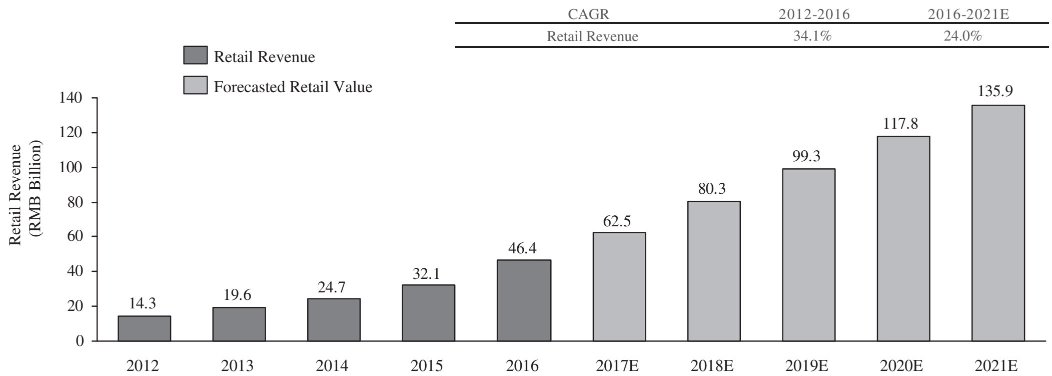
Design Capability

Jewellery is attractive not only because of the value, but also due to designs that appeal to customers. There is a growing demand in the PRC for jewellery products featuring the philosophy of affordable luxury and fast fashion as jewellery purchasers place increasing importance on the diversification of jewellery designs and the ability to own multiple pieces of affordable jewellery products as personal adornments in different settings. However, there are limited talented and creative jewellery designers available in the market and the new entrants are less competitive in the market in attracting such new talents, as compared to well-establishment jewellers. It also requires significant amount of resources and long-term efforts to enhance design capabilities which also increase the business barriers of entry for new entrants.

OVERVIEW OF THE PRC ONLINE JEWELLERY RETAIL MARKET

Revenue of the PRC Online Jewellery Retail Market

Revenue of the PRC Online Jewellery Retail Market, 2012-2021E



Source: Frost & Sullivan Report

Although the online jewellery retail market initially represented a relatively small segment market in the jewellery retail market in the PRC, the online retail market has expanded significantly in recent years along with the development of e-commerce business in the PRC. The sales revenue of the PRC online jewellery retail market increased from RMB14.3 billion in 2012 to RMB46.4 billion in 2016, representing a CAGR of 34.1% from 2012 to 2016. During the period from 2016 to 2021, the PRC online jewellery retail market is estimated to grow at a CAGR of 24.0%, with the total sales revenue reaching RMB135.9 billion in 2021.

Main Drivers of Online Jewellery Retail Market in the PRC

Increasing Purchasing Power and Changing Consumption Pattern

With the increasing disposable income and the purchasing power in the PRC, there is a substantial growth potential for the PRC online jewellery retail market. When consumers purchase jewellery online, they pay increasing attention to its quality, brand image, product designs and styles.

Government Support for "Internet Plus" Initiatives

In recent years, the PRC government has been implementing the "Internet Plus" ("互聯網+") initiatives to encourage the traditional industries to take advantage of the development of Internet infrastructure and equip their business with Internet applications. These initiatives are also expected to boost the growth of the PRC online jewellery retail market.

Development of the Mobile Internet Industry

With the development of 4G telecommunications networks, the PRC mobile Internet industry witnessed rapid growth. The rising popularity of mobile devices in the PRC has not only changed the way people communicate, but also the way they shop. According to the China Internet Network Information Centre, the number of mobile commerce users reached 400.7 million in 2016, accounting for 61.1% of China's total mobile phone users population. Due to the development of mobile Internet industry, customers can make online purchases via mobile websites and mobile Apps, in addition to the Internet web-page platforms. The further development of the mobile Internet industry is expected to contribute to the growth of the PRC online jewellery retail market.

Future Opportunities and Challenges of the PRC Online Jewellery Retail Market

Increasing Demand for Gold and Silver

Gold and, to a lesser extent, silver are generally regarded as currency equivalents and a hedging tool. As a result of the growing need for diversification in investment products, investments in gold and silver bars are expected continue to grow. As online platforms generally offer gold and silver products with competitive prices, consumers are increasingly buying such products online. The growth of gold and silver consumption online is expected to bring opportunities for the online jewellery retail market. The retail value of integrated online and offline gold and silver bars retail market in China reached RMB8.8 billion in 2016. In recent years, the major market players in the integrated online and offline gold and silver bars retail market include, among others, Multi Gold (多邊金都), CSMall (金貓銀貓), Huangjinshu (黃金樹), Zuanshikuaixian (鑽石快綫) and Ryual (佑愛).

Development of Data Analytics

The development of data analytics brings new opportunities for jewellery e-commerce platforms to collect and analyse extensive data, and apply data research results to enhance various aspects of operations, including product design and development and discover new growth potential based on the evolving market trends.

Risks of Counterfeit Goods

Due to the large consumption market in the PRC and the relatively under-developed supervision and regulation of e-commerce businesses, counterfeit goods are not uncommon on certain e-commerce platforms. Moreover, the general consumer population will not have the expertise to identify counterfeit jewellery. Counterfeit products often damage a brand's reputation and therefore it is critical for online jewellery retailers to take appropriate measures to ensure the authenticity of their products and enhance customers' trust.

Entry Barriers to the PRC Online Jewellery Retail Market

In addition to the entries barriers to the jewellery retail market in the PRC, new entrants also face the following barriers in the online jewellery retail market.

Customer Base

Customer base is another key barrier for the new entrants. Established online e-commerce platforms have accumulated their stable customer bases with a sound track record of transactions. Platforms which are recognised as reputable brands are well positioned to strengthen their market positions and capture further business growth. It is also increasingly important for online jewellery retailers to develop and enhance their software development capabilities and data mining capabilities to improve their customer satisfaction and attract more customer traffic to their sales network. Thus, it is difficult for new entrants to the PRC online jewellery retail market to develop their own sales networks and set up customer bases within a short period of time.

Experienced Management Team

Compared to the offline jewellery retail market participants, the management team of an online jewellery retailer, in particular those operating under an integrated online and offline jewellery retail model, would require management experience in both the jewellery retail market and the Internet industry. Such talent is scarce and it is difficult for new entrants without a recognised brand or established platform to attract, recruit and retain such talent.

Competitive Landscape of the Online Jewellery Retail Market in the PRC

In 2016, the total sales revenue of the PRC online jewellery retail market was RMB46.4 billion. The PRC online jewellery retail market is highly fragmented, where the top 5 market participants, among thousands of the PRC online jewellery retailers, commanded approximately 12.5% of the market share in 2016 in terms of sales revenue.

Ranking and market share of top five market participants by sales revenue in the online jewellery retail market in 2016

Ranking	Company	Location of Headquarter	Primary Types of Jewellery Products	Market Share (%)
1	**The Group**	**Shenzhen**	**Gold, silver and jewellery products**	**5.3%**
2	Company A	Beijing	Gold jewellery and other jewellery products	2.2%
3	Company B	Shanghai	Diamond jewellery and other jewellery products	1.8%
4	Company C	Beijing	Diamond jewellery and other jewellery products	1.8%
5	Company D	Shanghai	Diamond jewellery and other jewellery products	1.4%
Top 5				12.5%
Others				87.5%
Total				100%

Source: Frost & Sullivan Report

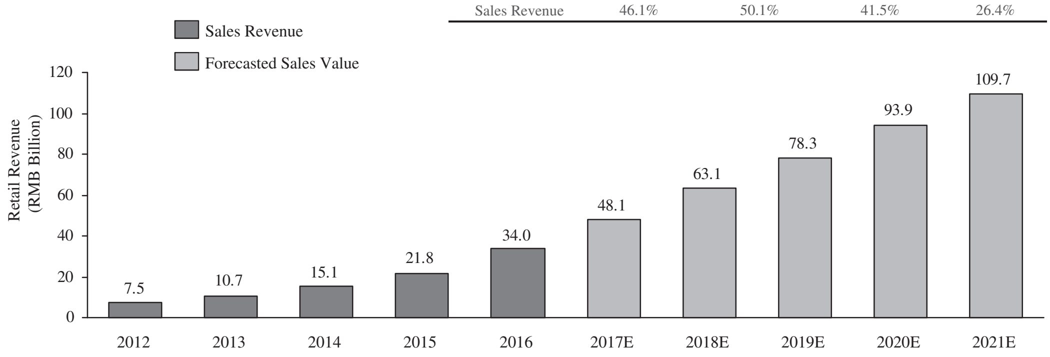
OVERVIEW OF THE INTEGRATED ONLINE AND OFFLINE JEWELLERY RETAIL MARKET IN THE PRC

The online sales channels and the offline points of sale are the two key elements of the PRC integrated online and offline jewellery retail market. The integration of online sales channels and offline points of sale can achieve a synergistic effect to provide a better shopping experience for consumers. The online sales channels are usually responsible for product display, payment process and product delivery, while the offline points of sale, such as physical shops usually provide value-added services such as fitting and maintenance services to the consumers.

Revenue of the PRC Integrated Online and Offline Jewellery Retail Market

Revenue of the PRC Integrated Online and Offline Jewellery Retail Market 2012-2021E

CRGA	2012-2016	2014-2016	2016-2017E	2016-2021E
Sales Revenue	46.1%	50.1%	41.5%	26.4%



Source: Frost & Sullivan Report

The PRC economic development and expansion of e-commerce business have significantly changed the retail industry. The sales revenue of the PRC integrated online and offline jewellery retail market increased from RMB7.5 billion in 2012 to RMB34.0 billion in 2016, representing a CAGR of 46.1% from 2012 to 2016.

From 2016 to 2021, the PRC's integrated online and offline jewellery retail market is estimated to grow at a CAGR of 26.4%, with the sales revenue in this market reaching RMB109.7 billion in 2021. Such significant growth is expected to be supported by the increasing purchasing power, changes in consumer behaviour, improvement of logistics services, government support for Internet-based and Internet-related businesses.

Main Growth Drivers of the PRC Integrated Online and Offline Jewellery Retail Market

Pursuit for Comprehensive Shopping Experience

With the increasing penetration rate of Internet users, there is a growing trend for people to buy jewellery online. However, with increasing consumption power, pure online jewellery retail cannot meet consumer's demand for a comprehensive shopping experience. Customers purchasing high value or design-focused jewellery products wish to try the jewellery products before their purchases and enjoy convenient after-sales services. As such, the integrated online and offline jewellery retail model is a welcome innovation for consumers.

Growing Influence of the PRC's Younger Generation

China's younger generation, or the so called "post-1980s and 1990s generation", is becoming a leading consumer group of jewellery products. Compared with older generations, this generation of consumers is generally well educated and tech-savvy, and they are accustomed to purchasing online. They are now living much busier lifestyles than ever, and they increasingly seek "shopping convenience" where they can shop anytime, anywhere and in any way via desktops or mobile devices. They value the overall shopping experience, and would demand fitting and after-sales services that could fit into their consumption lifestyles. Thus, the integrated online and offline jewellery retail model is well suited to this generation of consumers, and the increasing consumption power of the younger generation is expected to fuel this market.

Competitive Landscape of Integrated Online and Offline Jewellery Retail Market in the PRC

In 2016, the total sales revenue of PRC's integrated online and offline jewellery retail market reached RMB34.0 billion. The PRC's integrated online and offline jewellery retail market was highly fragmented, with top 5 market participants accounting for approximately 17.0% of the market share in 2016 in terms of sales revenue.

Ranking and market share of top five market participants by sales revenue in the integrated online and offline jewellery retail market (the PRC), 2016

Ranking	Company	Location of Headquarter	Primary Types of Jewellery Products	Market Share (%)
1	**Our Group**	**Shenzhen**	**Gold, silver and jewellery products**	**7.3%**
2	Company A	Beijing	Gold jewellery and other jewellery products	2.9%
3	Company B	Shanghai	Diamond jewellery and other jewellery products	2.5%
4	Company C	Beijing	Diamond jewellery and other jewellery products	2.4%
5	Company D	Shanghai	Diamond jewellery and other jewellery products	1.9%
Top 5				17.0%
Others				83.0%
Total				100%

Source: Frost & Sullivan Report

Key Success Factors of Integrated Online and Offline Jewellery Retail Market in the PRC

Brand Image

Brand recognition remains one of the key elements for consumers to consider during consumption in the PRC. According to our consumer survey, brand awareness is among top three key factors for consumer to choose integrated online and offline Jewellery platforms. Lesser-known brands are more difficult to achieve good sales performance compared to famous brands.

Diversified Range of Products

As there has been a growing trend for customers to focus on jewellery designs, the ability to provide diversified range of products becomes one of the key factors for the success of the PRC's integrated online and offline jewellery retail market.

Price Advantage

For most consumers in the PRC's integrated online and offline jewellery retail market, the price of jewellery product is a significant factor when making a purchase decision. The products with price advantage are likely to attract more customers in this market.

Design Capabilities

Design capability is another key factor for the success of the PRC integrated online and offline jewellery retailer. It is important to differentiate the brand itself from others in the competitive market. Leading PRC integrated online and offline jewellery retailers always have a strong designing capability which is able to meet differentiated needs of customers.

Utilisation of Data Analytics

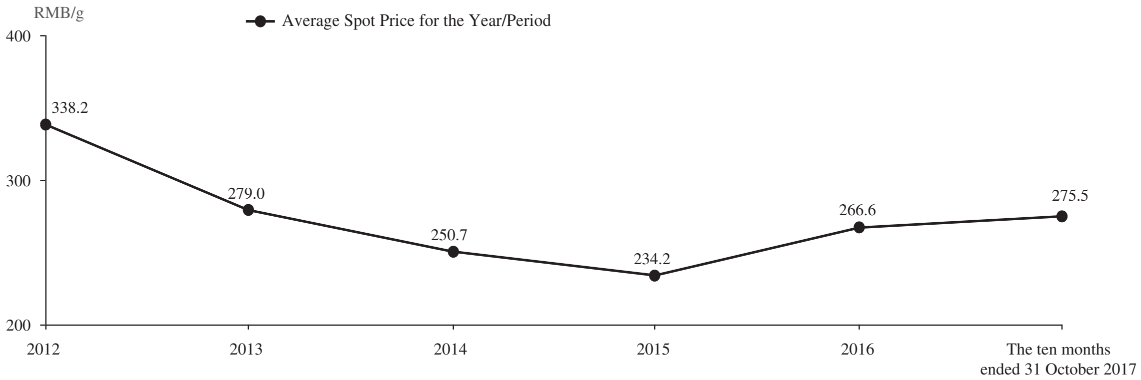
As the integrated online and offline jewellery retailers have access to a large volume of customer and transaction data in their business, collecting and analysing such data contribute to the success of their businesses, as data analytics assist them to improve their understanding of evolving market trends and customer preferences.

Competitive Advantages of the Group

Please see the sections headed "Business — Our Competitive Strengths" and "Business — Competition" for information on the Group's competitive advantages.

Trend of Gold Prices in the PRC

Gold Price Analysis (the PRC), 2012 — 31 October 2017

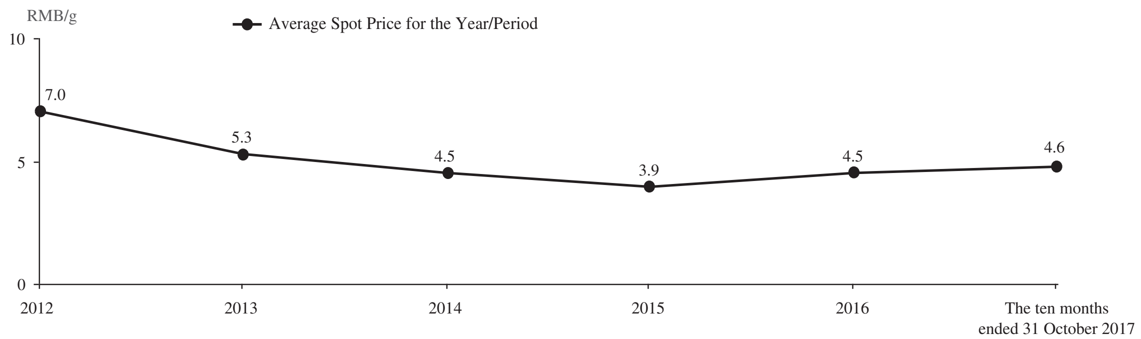


Source: Shanghai Gold Exchange. The average spot price of gold is the daily average spot settlement prices of two categories of gold comprising gold having a purity of not less than 99.9% and 99.5% for the year/period. Such daily spot settlement prices of gold was published by Shanghai Gold Exchange, which was established in October 2002 by PBOC upon the approval of the State Council. The establishment of Shanghai Gold Exchange symbolized the marketization of production, consumption and distribution system in the PRC's gold market.

The annual average spot prices for gold in the PRC experienced a general downward trend from 2012 to 2015 primarily due to a number of factors, including the international economic environment, the quantitative easing monetary policies adopted by the PRC government, appreciation of U.S. dollars, and aggressive short-selling of gold by international short-sellers during such period. In 2012, the annual average gold price was RMB338.2 per gram which decreased to RMB234.2 per gram in 2015. Such price increased to RMB266.6 per gram in 2016 and further increased to an average price of RMB275.5 per gram in the ten months ended 31 October 2017 compared to RMB267.2 in the same period in 2016 primarily due to changes in the global financial markets and depreciation of U.S. dollars.

Trend of Silver Prices in the PRC

Silver Price Analysis (the PRC), 2012 — 31 October 2017



Source: Tianjin Precious Metal Exchange and Shanghai Huatong. The average spot price of silver is the daily average spot settlement price of silver having a purity of not less than 99.9% for the year/period, as published by Tianjin Precious Metal Exchange and Shanghai Huatong. Such daily spot settlement prices of silver published by Tianjin Precious Metal Exchange and Shanghai Huatong do not substantially deviate from each other. Tianjin Precious Metal Exchange was established by Tianjin Property Rights Exchange upon the approval of Tianjin Municipal government. Tianjin Precious Metal Exchange commenced its operation in February 2012. Shanghai Huatong was established in 1999 upon the approval of State Economic and Trade Commission, the predecessor of the MOFCOM. Shanghai Huatong is the first specialized silver exchange in the PRC.

The annual average spot prices for silver in the PRC decreased substantially during 2012 and 2015 due to a number of factors, including the appreciation of U.S. dollars and the quantitative easing monetary policies adopted by the PRC government. In 2012, the annual average silver price was RMB7.0 per gram, which was relatively high. The silver price decreased to RMB3.9 per gram in 2015. Such price increased to RMB4.5 per gram in 2016, and further increased to an average price of RMB4.6 per gram in the ten months ended 31 October 2017 compared to RMB4.4 in the same period in 2016 primarily due to similar reasons for the rise in gold prices in the same period and the increasing market demand for silver in certain industries.

Since costs of raw materials and finished goods were the primary component of our cost of sales, and we generally pass on the changes in our cost of raw materials and finished goods to customers, the fluctuations in the raw materials of gold and silver generally affected our final selling prices to a similar extent, subject to certain other factors, including our promotional initiatives from time to time. In 2014, 2015, 2016 and the ten months ended 31 October 2017, the average per gram selling price (tax inclusive) of our gold products was RMB243.9, RMB241.2, RMB270.1 and RMB280.6 respectively, and the average per gram selling price (tax inclusive) of our silver products was RMB6.6, RMB4.9, RMB5.8 and RMB6.1, respectively.

OVERVIEW

Our principal business is design and sales of jewellery products in China and we operate an integrated online and offline jewellery retail structure leveraging on our New Jewellery Retail Model.

Our business was founded in 2013 when we began designing and selling jewellery products through Shenzhen Guoyintongbao and its subsidiaries, as well as Longtianyong and FY Silver, who were wholly owned subsidiaries of China Silver Group. Our business was founded by Mr. Chen and Mr. Qian, whose biographical details are set out in the section headed "Directors and Senior Management — Our Directors — Executive Directors" in this prospectus.

Shenzhen Guoyintongbao was established when China Silver Group expanded into the downstream jewellery retail and e-commerce business. Shenzhen Guoyintongbao remains an indirect subsidiary of China Silver Group after the Spin-off and as at the Latest Practicable Date. Shenzhen Guoyintongbao was an indirect wholly owned subsidiary of China Silver Group from the time of its establishment until the completion of the establishment of the Employee Share Scheme on 21 August 2016. Shenzhen Guoyintongbao has been an indirect wholly owned subsidiary of China Silver Jewellery and a member of our Group since its entire equity interests were transferred from China Silver Group to China Silver Jewellery on 27 April 2016, and it will continue to be an indirect wholly owned subsidiary of our Company after the Listing.

Please see "Financial Information — Basis of Presentation" for a description of the businesses of Longtianyong and FY Silver that were part of our business during the Relevant Period. We ceased to operate any business through Longtianyong and FY Silver since April 2016 and September 2016, respectively.

Our Group's businesses began generating revenue from the sales of silver and jewellery products in December 2013.

Our Internet website **www.csmall.com** (formerly known as **www.csmall.cn**) was launched on 7 January 2014. On 20 May 2014, Shenzhen Guoyintongbao entered into the Contractual Arrangements through which Shenzhen Yinruiji became accounted for as its subsidiary and our online business was fully integrated into our Group. The first direct sales transaction was completed on **www.csmall.com** in October 2014. Since 22 August 2017, the Contractual Arrangements were terminated and Shenzhen Yinruiji was no longer accounted for as our subsidiary. Our online jewellery businesses have since been conducted by Shenzhen Guoyintongbao and its subsidiaries, including Baiyin Town, which obtained the VAT Licence (EDI) on 9 August 2017. See the section headed "— Our Former Subsidiaries and the Terminated Contractual Arrangements" in this section for more information.

Our offline business began when our first franchised CSmall Shop was opened in January 2014. We then opened our first self-operated CSmall Shop in August 2014 and our flagship Shenzhen Exhibition Hall in Shuibei, Shenzhen in September 2014.

In anticipation of the Listing and as part of the Reorganisation, our Company was incorporated in the Cayman Islands on 19 January 2017 and became the new holding company of our Group on 16 February 2017. As at the Latest Practicable Date, our Group comprises our Company and our wholly owned subsidiaries, namely CSMall Holdings BVI, CSMall Group BVI, China Silver Jewellery, Shenzhen Guoyintongbao, Jiangxi Jiyin, Shenzhen Guojintongbao, Shenzhen Yunpeng, Jingning Sheyin, Baiyin Town and Zhejiang CSmall Jewellery.

OUR MILESTONES

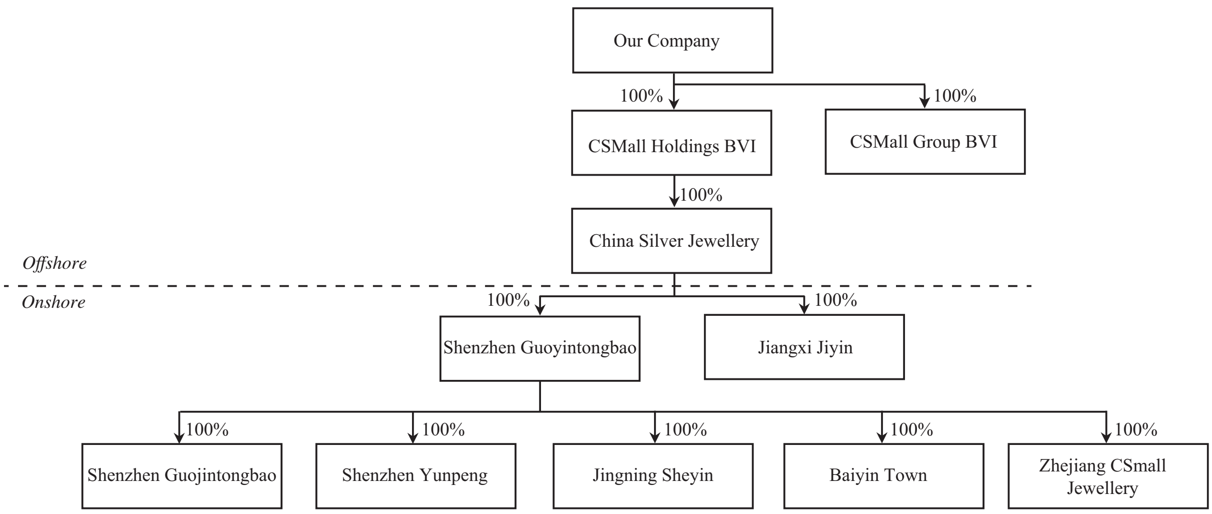
The following table sets forth our key development milestones:

Year	Event
2013	• In October 2013, Shenzhen Guoyintongbao was established as the first operating subsidiary of our Group.
	• In December 2013, Shenzhen Guoyintongbao conducted its first sale of jewellery products through third-party online sales channels, marking the commencement of our online business.
2014	• In January 2014, we launched our Internet website **www.csmall.cn**, which was later changed to **www.csmall.com**.
	• In January 2014, our first franchised CSmall Shop was opened, marking the commencement of our offline business.
	• In May 2014, Shenzhen Yinruiji became accounted for as our subsidiary through the Contractual Arrangements.
	• In June 2014, Shenzhen Yinruiji obtained the VAT Licence (ICP).
	• In August 2014, our first self-operated CSmall Shop was opened.
	• In September 2014, we opened our flagship Shenzhen Exhibition Hall in Shuibei, Shenzhen.
	• In October 2014, the first direct sales transaction through our self-operated online platform was completed.
2015	• In June 2015, our mobile website **m.csmall.com** was launched.
	• In September 2015, our mobile app 金貓銀貓 CSmall was launched.
	• In September 2015, our Group was an exhibitor at the Shenzhen International Jewellery Fair (深圳國際珠寶展覽會) for the first time.
2016	• In January 2016, sales through television and video shopping channels were expanded to around ten provinces in China.
	• In August 2016, we solely founded the Commission of Online Jewellery Retailers (珠寶電商專業委員會) under CECA.
2017	• We obtained approval for the VAT Licence (EDI) and the Contractual Arrangements were terminated. Our online business began operating through Baiyin Town.

CORPORATE DEVELOPMENT

Our Group's Corporate Structure

The following sets forth our Group's corporate structure upon Listing:



Our Group Members

The following table sets forth certain information of various members of our Group as of the Latest Practicable Date:

Name of Group member	Date of incorporation	Equity interest held by our Group	Issued share capital / Registered capital	Place of establishment	Principal activities
Our Company	19 January 2017	100%	US$83,233.4	Cayman Islands	Investment holding
CSMall Holdings BVI	24 December 2015	100%	US$50,000	BVI	Investment holding
CSMall Group BVI	22 February 2016	100%	US$83,233.4	BVI	Investment holding
China Silver Jewellery	23 November 2011	100%	HK$10,000	Hong Kong	Investment holding
Shenzhen Guoyintongbao	25 October 2013	100%	RMB500,000,000	PRC	Offline sale of jewellery products; operation of our Group's self-operated CSmall Shops and jointly operated CSmall Shops; as the contracting party with our Group's third-party retailers and franchisees
Jiangxi Jiyin	12 November 2013	100%	US$99,800,000	PRC	Processing and wholesale of precious metal products
Shenzhen Guojintongbao(1)	25 August 2014	100%	RMB50,000,000	PRC	Sale of jewellery products
Shenzhen Yunpeng	12 June 2016	100%	RMB5,000,000	PRC	Software development
Jingning Sheyin(1)	22 August 2016	100%	RMB10,000,000	PRC	Planning of cultural events; design and sale of jewellery products
Baiyin Town(2)	10 November 2016	100%	RMB100,000,000	PRC	Online sale of jewellery products; planning of art and cultural exchange events; as the holder of the VAT Licence (EDI)
Zhejiang CSmall Jewellery (1)	27 October 2017	100%	RMB10,000,000	PRC	Design, wholesale and retail of jewellery products

(1) As of the Latest Practicable Date, this subsidiary had not commenced operations.

(2) Baiyin Town obtained the VAT Licence (EDI) on 31 July 2017 and since 22 August 2017, it has been operating our online business. Please refer to the section headed "Business — Licences, Regulatory Approvals and Compliance" in this prospectus for details.

Details of the changes in the authorised share capital and issued share capital or the registered capital and paid-up capital (as the case may be) of various members of our Group are set out in the section headed "Statutory and General Information — A. Further Information about Our Company — 2. Changes in Share Capital of Our Company and Our Subsidiaries" in Appendix V to this prospectus.

THE REORGANISATION, EMPLOYEE SHARE SCHEME AND PRE-IPO INVESTMENTS

In preparation for the Listing and as part of the Reorganisation, we carried out the following key steps:

- On 24 December 2015, CSMall Holdings BVI was incorporated in the BVI with limited liability and was directly wholly owned by China Silver Group. On 22 February 2016, CSMall Group BVI was incorporated in the BVI with limited liability and was directly wholly owned by China Silver Group. On 26 February 2016, CSMall Holdings BVI acquired the entire share capital of China Silver Jewellery at a cash consideration of HK$10,000 from China Silver Group. On 4 March 2016, CSMall Group BVI acquired the entire share capital of CSMall Holdings BVI from China Silver Group at a cash consideration of US$50,000. On 27 April 2016, China Silver Jewellery acquired the entire 100% equity interest of Shenzhen Guoyintongbao from China Silver Group at a cash consideration of RMB120 million. On 16 February 2017, CSMall Group BVI distributed its entire shareholding in CSMall Holdings BVI to our Company by way of a dividend in specie, upon which, each of CSMall Holdings BVI and CSMall Group BVI became a direct wholly-owned subsidiary of our Company.

- Our Company was incorporated on 19 January 2017 with an authorised share capital of US$300,000 divided into 3,000,000,000 Shares of US$0.0001 each. On 8 February 2017, the sole Share issued at the time of incorporation of our Company was transferred to China Silver Group. On 16 February 2017, our Company allotted and issued 499,999,999 Shares to China Silver Group and China Silver Group transferred all of its 500,000,000 shares in CSMall Group BVI to our Company.

- The Employee Subscribers settled and completed their investments under the Employee Share Scheme on 21 August 2016, following which they became shareholders of our Group. Following the incorporation of our Company on 19 January 2017, the Employee Subscription and Transfer Agreement (as defined below) was entered into and the transactions contemplated therein were completed on 16 February 2017.

- Caitong Funds SPC and Best Conduct settled and completed their Pre-IPO Investments on 5 December 2016 and 23 January 2017 respectively, following which they became shareholders of our Group. Following the incorporation of our Company on 19 January 2017, the Third Party Subscription and Transfer Agreements (as defined below) were entered into and the transactions contemplated therein were completed on 16 February 2017.

- On 9 August 2017, Shenzhen Yinruiji, Shenzhen Guoyintongbao, Mr. Chen, Mr. Qian and Baiyin Town entered into the Contractual Arrangement Termination Agreement pursuant to which the Contractual Arrangements shall terminate upon the satisfaction of certain conditions precedent. Following the satisfaction of all such conditions precedent on 22 August 2017, the Contractual Arrangements were terminated on the same day. Baiyin Town has operated our online business since then.

- Pursuant to the resolutions of our Shareholders passed on 13 February 2018 and 21 February 2018, subject to the Global Offering becoming unconditional in all respects, our Directors were authorised to allot and issue a total of 27,070,010 new Shares to China Silver Group under the Loan Capitalisation Issue and all of these new Shares shall be distributed to the Qualifying China Silver Shareholders in the manner set out in the section "Structure of the Global Offering — The Distribution".

Employee Share Scheme

On 6 June 2016, each of Blaze Loop, Silver Apex and Treasure Delight entered into a subscription agreement with, among others, CSMall Group BVI, whereby CSMall Group BVI agreed to allot and issue 178,525,000 shares, 21,250,000 shares and 14,500,000 shares in CSMall Group BVI to Blaze Loop, Silver Apex and Treasure Delight, respectively, at the subscription price of RMB0.40 per share for an aggregate consideration of RMB85,710,000 in cash (the "**Original Employee Subscription Agreements**"). On the same day, a trust deed was entered into between CSMall Group BVI, Blaze Loop (as settlor) and Mr. Lin (as trustee) (the "**Old Trust Deed**"), whereby Mr. Lin agreed to hold the 178,525,000 shares in CSMall Group BVI and any cash and non-cash income arising therefrom on trust for 61 employees of our Group (the "**Blaze Loop Beneficiaries**"). The Blaze Loop Beneficiaries included, among others, Mr. Lin, an employee of our Group, and Mr. Zhang, a Director.

The Employee Subscribers settled and completed their subscription of shares in CSMall Group BVI on 21 August 2016.

On 8 September 2016 and 10 February 2017 respectively, two of the Blaze Loop Beneficiaries (the "**Resigned Employees**") resigned from our Group and were no longer eligible for any entitlement under the Old Trust Deed. Accordingly, Mr. Lin exercised his powers as trustee under the Old Trust Deed to re-allocate to certain remaining Blaze Loop Beneficiaries the 12,750,000 notional number of shares in CSMall Group BVI to which such Resigned Employees were entitled. The Resigned Employees received full repayment of their original subscription monies on 8 February 2017 and 16 February 2017 respectively.

On 16 February 2017, 178,525,000 Shares, 21,250,000 Shares and 14,500,000 Shares were respectively issued by our Company to each of Blaze Loop, Silver Apex and Treasure Delight in consideration for all of their respective interests in CSMall Group BVI pursuant to a subscription and transfer agreement dated 16 February 2017 among our Company, Blaze Loop, Silver Apex, Treasure Delight, Mr. Lin, Mr. Chen, Mr. Qian, CSMall Group BVI and China Silver Group (the "**Employee Subscription and Transfer Agreement**"). The Employee Subscription and Transfer Agreement supersedes the Original Employee Subscription Agreements. Correspondingly, on the same day, a new trust deed was entered into between our Company, Blaze Loop (as settlor) and Mr. Lin (as trustee) (the "**New Trust Deed**"), whereby Mr. Lin agreed to hold the 178,525,000 Shares and any cash and non-cash income arising therefrom on trust for the remaining Blaze Loop Beneficiaries.

As part of the Reorganisation, on 16 February 2017, after the completion of the Employee Subscription and Transfer Agreement and the taking effect of the New Trust Deed, Blaze Loop transferred all of the 12,500,000 Shares to which Mr. Zhang as a Blaze Loop Beneficiary was entitled under the New Trust Deed to Diamond Port, a company wholly owned by Mr. Zhang, thereby allowing him to hold his entitlement to Shares directly.

Details of Blaze Loop, Silver Apex, Treasure Delight and Diamond Port are set forth below:

Blaze Loop	:	Blaze Loop was incorporated in the BVI and is wholly owned by Mr. Lin. As of the Latest Practicable Date, Blaze Loop (as settlor) and Mr. Lin (as trustee) held 166,025,000 Shares on behalf of the Blaze Loop Beneficiaries (excluding Mr. Zhang and the Resigned Employees).
Silver Apex	:	Silver Apex was incorporated in the BVI and is wholly owned by Mr. Chen, an executive Director. Mr. Chen was the ultimate beneficial owner of 21,250,000 Shares by virtue of his being the sole shareholder of Silver Apex.
Treasure Delight	:	Treasure Delight was incorporated in the BVI and is wholly owned by Mr. Qian, an executive Director. Mr. Qian was the ultimate beneficial owner of 14,500,000 Shares by virtue of his being the sole shareholder of Treasure Delight.
Diamond Port	:	Diamond Port was incorporated in the BVI and is wholly owned by Mr. Zhang, an executive Director. Mr. Zhang was the ultimate beneficial owner of 12,500,000 Shares by virtue of his being the sole shareholder of Diamond Port. No special rights were granted to Diamond Port pursuant to the transfer of such Shares from Blaze Loop to Diamond Port.

The key terms of the Original Employee Subscription Agreements and the Employee Subscription and Transfer Agreement are set out below:

	Original Employee Subscription Agreements	**Employee Subscription and Transfer Agreement**
Date:	6 June 2016	16 February 2017
Parties:	(i) CSMall Group BVI (as issuer), Blaze Loop (as subscriber), Mr. Lin and China Silver Group (ii) CSMall Group BVI (as issuer), Silver Apex (as subscriber), Mr. Chen and China Silver Group (iii) CSMall Group BVI (as issuer), Treasure Delight (as subscriber), Mr. Qian and China Silver Group	Our Company (as issuer and transferee), Blaze Loop, Silver Apex and Treasure Delight (as subscribers and transferors), Mr. Lin, Mr. Chen, Mr. Qian, CSMall Group BVI and China Silver Group

	Original Employee Subscription Agreements	Employee Subscription and Transfer Agreement
Consideration:	RMB85,710,000	No cash consideration was required. Blaze Loop, Silver Apex and Treasure Delight transferred their respective interests in CSMall Group BVI to our Company as part of the Reorganisation.
Settlement date/ Transfer date:	Settlement of the RMB85,710,000 cash consideration took place on 21 August 2016. The subsequent transfer of interests in CSMall Group BVI by Blaze Loop, Silver Apex and Treasure Delight to our Company as part of the Reorganisation took place on 16 February 2017.	
Basis of determining consideration:	The cash consideration was determined after arm's length negotiations between China Silver Group and the Employee Subscribers after taking into account, among others, (i) the historical financial performance of our Group (up to 31 December 2015); (ii) the operating performance of our Group; (iii) the business prospects of our Group; and (iv) the then current market conditions of wholesaling and retailing business in the PRC.	
Cost per share:	RMB0.40 per share	
Discount to the Offer Price(1):	82.26%	
Use of proceeds:	As of the Latest Practicable Date, the cash proceeds raised were fully utilised as general working capital of our Group.	
Strategic benefits to our Group:	Our Directors consider that the strategic benefits of the Employee Share Scheme are (i) to further align the interests of the Employee Subscribers with those of our Group and motivate them to bring our Group to new heights; and (ii) to strengthen the capital base of our Group which can help meet capital needs and facilitate growth in the future.	
Shareholding in our Company upon Listing(2):	CSMall Group BVI has become a wholly owned subsidiary of our Company.	Blaze Loop: 15.76% Silver Apex: 2.02% Treasure Delight: 1.38% Diamond Port: 1.19%
Special rights granted to subscribers:	Nil	
Lock-up arrangements after Listing:	Nil	
Public float:	As Mr. Chen, Mr. Qian and Mr. Zhang are Directors, their 48,250,000 Shares (which represent their 48,250,000 shares in CSMall Group BVI before the Reorganisation) held through Silver Apex, Treasure Delight and Diamond Port do not constitute part of the public float of our Company for the purposes of Rule 8.08 of the Listing Rules.	

Original Employee Subscription Agreements	Employee Subscription and Transfer Agreement
As each of the other Employee Subscribers (i) is not a core connected person of our Company; (ii) did not have the subscription of his/her respective shareholding interest in our Company financed directly or indirectly by any core connected person of our Company; and (iii) is not accustomed to take instructions from a core connected person in relation to the acquisition, disposal, voting or other disposition of securities of our Company registered in his/her name or otherwise held by him/her, the 166,025,000 Shares (which represent 166,025,000 shares in CSMall Group BVI before the Reorganisation) held on their behalf under the New Trust Deed constitute part of the public float of our Company for the purposes of Rule 8.08 of the Listing Rules.	

(1) Calculated based on HK$2.78, being the mid-point of the indicative Offer Price range.

(2) After completion of the Global Offering, assuming the Over-allotment Option is not exercised.

The key terms of the New Trust Deed are set forth below:

Settlor: Blaze Loop

Trustee: Mr. Lin

Beneficiaries: 59 employees of our Group upon establishment of the trust, and 58 employees of our Group after the transfer to Diamond Port of the 12,500,000 Shares to which Mr. Zhang was entitled

Trustee powers: *General*

The trustee holds the relevant Shares and other cash and non-cash income on trust exclusively for all the eligible participants and shall dispose of an eligible participant's Shares or otherwise deal with any of those Shares or any rights conferred on that eligible participant only in accordance with directions given by or on behalf of that eligible participant.

Before Listing

If an eligible participant is no longer qualified, the trustee shall repay such eligible participant the subscription monies contributed by such eligible participant and take any and all actions necessary or desirable to cancel or re-allocate the number of Shares that such eligible participant is entitled immediately before him/her ceasing to be qualified.

The trustee is entitled to exchange any or all Shares in our Company or deal with or enter into any other arrangements in respect of the Shares to facilitate the reorganisation of our Group in preparation of the Listing.

After Listing

If an eligible participant intends to hold the Shares it is entitled to directly or through its nominee, it shall notify the trustee and to the extent permitted by applicable laws, the trustee shall transfer to such eligible participant such Shares as so directed.

If an eligible participant wants to monetise the Shares to which he/she is entitled, he/she shall notify the trustee and to the extent permitted by applicable laws, the trustee shall sell such number of Shares as the eligible participant has directed the trustee to sell and pay the net disposal proceeds as such eligible participant may direct.

Voting in respect of Shares:	The trustee shall seek irrevocable directions from each relevant eligible participant regarding the exercise of voting rights attaching to his/her interest in the Shares. The trustee shall comply with each relevant eligible participant's directions regarding voting his/her interest in the Shares provided that if the trustee does not receive an eligible participant's directions by any deadline specified in writing by the trustee, the trustee shall abstain from voting that eligible participant's interest in the Shares.

Pre-IPO Investments

On 2 December 2016, each of Caitong Funds SPC and Best Conduct entered into a subscription agreement with, among others, CSMall Group BVI, whereby CSMall Group BVI agreed to allot and issue 60,059,000 shares and 58,000,000 shares in CSMall Group BVI to Caitong Funds SPC and Best Conduct, respectively, at the subscription price of RMB1.26 per share for an aggregate consideration of approximately RMB148,754,340 in cash (collectively, the "**Original Third Party Subscription Agreements**"). Caitong Funds SPC and Best Conduct settled and completed their subscription of shares in CSMall Group BVI on 5 December 2016 and 23 January 2017, respectively.

On 16 February 2017, our Company issued 60,059,000 Shares and 58,000,000 Shares to Caitong Funds SPC and Best Conduct, respectively, in consideration for their respective interests in CSMall Group BVI pursuant to a subscription and transfer agreement dated 16 February 2017 among our Company, CSMall Group BVI and China Silver Group, on the one hand, and Caitong Funds SPC and Best Conduct, respectively, on the other hand (collectively, the "**Third Party Subscription and Transfer Agreements**"). The Third Party Subscription and Transfer Agreements supersede the Original Third Party Subscription Agreements.

Details of Caitong Funds SPC and Best Conduct are set forth below:

Caitong Funds SPC

Caitong Funds SPC is a segregated portfolio company incorporated in the Cayman Islands and is owned and managed by Caitong International Asset Management Co., Limited, a company incorporated in Hong Kong with limited liability which is licensed under the SFO to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Caitong International Asset Management Co., Limited is in turn wholly owned by Caitong Securities Co., Limited (財通證券股份有限公司, formerly known as 財通證券有限責任公司) ("**Caitong Securities PRC**"), a securities firm headquartered in the PRC and an Independent Third Party. Caitong Securities PRC is directly owned as to approximately 36.60% by Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控股有限公司) ("**Zhejiang Financial Holdings**") and as to approximately 63.40% by certain shareholders, none of which is entitled to exercise or control the exercise of one third or more of the voting rights of Caitong Securities PRC. Zhejiang Financial Holdings is directly wholly owned by Zhejiang Provincial Financial Development Company (浙江省財務開發公司) ("**Zhejiang Financial Development**"), which is in turn directly wholly owned by the Department of Finance of Zhejiang Province (浙江省財政廳). Caitong Funds SPC's investment in our Company was made on behalf and for the benefit of one of its segregated portfolios, Caitong Pine Ocean New Economy Fund SP. The investors in the Caitong Pine Ocean New Economy Fund SP are Independent Third Parties.

Best Conduct

Best Conduct is an investment holding vehicle incorporated in the BVI, which is beneficially owned as to 70% by Mr. SHI Jinglei (石勁磊) ("**Mr. Shi**") and 30% by Mr. HUANG Yuanzhe (黃遠哲) ("**Mr. Huang**"). Mr. Shi and Mr. Huang were the ultimate beneficial owners of 58,000,000 Shares by virtue of their being the beneficial owners of Best Conduct. Mr. Shi and Mr. Huang are veteran investors in the areas of e-commerce and Internet-based companies as well as other companies in the technology and innovation-based businesses, and are Independent Third Parties.

The key terms of the Original Third Party Subscription Agreements and the Third Party Subscription and Transfer Agreements are set out below:

	Original Third Party Subscription Agreements	**Third Party Subscription and Transfer Agreements**
Date:	2 December 2016	16 February 2017
Parties:	(i) CSMall Group BVI (as issuer), Caitong Funds SPC (as subscriber) and China Silver Group (ii) CSMall Group BVI (as issuer), Best Conduct (as subscriber) and China Silver Group	(i) our Company (as issuer and transferee), Caitong Funds SPC (as subscriber and transferor) and China Silver Group (ii) our Company (as issuer and transferee), Best Conduct (as subscriber and transferor) and China Silver Group
Consideration:	Approximately RMB148,754,340, being the sum of (i) US$11,000,000 (equal to RMB75,674,340 calculated at the exchange rate of US$1 to approximately RMB6.8795) paid by Caitong Funds SPC; and (ii) RMB73,080,000 paid by Best Conduct	No cash consideration was required. Caitong Funds SPC and Best Conduct transferred their interests in CSMall Group BVI to our Company as part of the Reorganisation.
Settlement date/ Transfer date:	Settlement of the RMB75,674,340 cash consideration by Caitong Funds SPC took place on 5 December 2016. Settlement of the RMB73,080,000 cash consideration by Best Conduct took place on 23 January 2017. The subsequent transfer of interests in CSMall Group BVI by Caitong Funds SPC and Best Conduct to our Company as part of the Reorganisation took place on 16 February 2017.	
Basis of determining consideration:	The cash consideration was determined after arm's length negotiations between China Silver Group and each of Caitong Funds SPC and Best Conduct after taking into account, among others, (i) the historical financial performance of our Group (up to 30 June 2016); (ii) the operating performance of our Group; (iii) the business prospects of our Group; and (iv) the then current market conditions of wholesaling and retailing business in the PRC.	
Cost per share:	RMB1.26 per share	
Discount to the Offer Price(1):	44.11%	
Use of proceeds:	As of the Latest Practicable Date, the cash proceeds raised were fully utilised as general working capital of our Group.	
Strategic benefits to our Group:	Our Directors consider that the strategic benefits of the investments of Caitong Funds SPC and Best Conduct are (i) to bring a wealth of experience and resources accumulated from their investments in the areas of e-commerce and Internet-based companies as well as other companies in the technology and innovation-based businesses and provide strategic input to the management and operation of our Group's business; (ii) to expand our Group's shareholding base; and (iii) to raise capital for our Group which will help facilitate the growth of the Group's business in the future.	

	Original Third Party Subscription Agreements	Third Party Subscription and Transfer Agreements
Shareholding in our Company upon Listing[(2)]:	CSMall Group BVI has become a wholly owned subsidiary of our Company.	Caitong Funds SPC: 5.70% Best Conduct: 5.50%
Special rights granted to subscribers:	During the period commencing on 2 December 2016 and up to immediately before the Listing and to the extent not inconsistent with any applicable laws, regulations and stock exchange rules (including without limitation the Listing Rules and the SFO), Caitong Funds SPC and Best Conduct are entitled to (i) be informed of any issuance of shares by members of our Group; (ii) to the extent reasonably practicable, be given reasonably sufficient time and opportunity to participate in any major meeting relating to the Listing and to comment on any listing document to be issued pursuant to the Listing; and (iii) be informed of any material and definitive development of CSMall Group BVI or its subsidiaries (together, the "**Information Rights**"). No other special rights were granted to Caitong Funds SPC and Best Conduct.	
Lock-up arrangements after Listing:	Nil	
Public float:	As each of Caitong Funds SPC and Best Conduct (i) is not a core connected person of our Company; (ii) did not have the subscription of its respective shareholding interest in our Company financed directly or indirectly by any core connected person of our Company; and (iii) is not accustomed to take instructions from a core connected person in relation to the acquisition, disposal, voting or other disposition of securities of our Company registered in its name or otherwise held by it, their 118,059,000 Shares (which represent their 118,059,000 shares in CSMall Group BVI before the Reorganisation) constitute part of the public float of our Company for the purposes of Rule 8.08 of the Listing Rules.	

(1) Calculated based on HK$2.78, being the mid-point of the indicative Offer Price range.

(2) After completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Sole Sponsor's Confirmation

The Sole Sponsor considers that the Pre-IPO Investments by Caitong Funds SPC and Best Conduct are in compliance with the "Interim Guidance on Pre-IPO Investments", "Guidance on Pre-IPO Investments" and "Guidance on Pre-IPO Investments in Convertible Instruments" issued by the Listing Committee in January 2012 (updated in March 2017), October 2012 (updated in July 2013 and March 2017) and October 2012 (updated in March 2017) respectively, for reasons that: (i) the relevant considerations under the Pre-IPO Investments were fully, unconditionally and irrevocably settled and received by our Group on 5 December 2016 and 23 January 2017 respectively, which were more than 28 clear days before the date of the first submission of the listing application form to the Stock Exchange in relation to the Listing; (ii) there are no special rights granted to Caitong Funds SPC and Best Conduct that will survive the Listing; (iii) there was no conversion price when Shares in our Company were issued and allotted to Caitong Funds SPC and Best Conduct based on the number of shares in CSMall Group BVI held by them; and (iv) neither our Group nor any of our Shareholders has any obligation to buy back the Shares at any time.

OUR FORMER SUBSIDIARIES AND THE TERMINATED CONTRACTUAL ARRANGEMENTS

From 31 July 2014 until 22 August 2017, the day on which the Contractual Arrangements were terminated, our Internet website **www.csmall.com** (formerly known as **www.csmall.cn**), mobile website **m.csmall.com** and mobile app 金貓銀貓 CSmall were operated by Shenzhen Yinruiji, which held the VAT Licence (ICP). At the time when our online business was first developed, Shenzhen Guoyintongbao (as a wholly foreign owned enterprise) and its subsidiaries were restricted from engaging in operating e-commerce transactions under relevant PRC laws and regulations.

Through the Contractual Arrangements which were entered into on 20 May 2014, Shenzhen Yinruiji and its direct non-wholly owned subsidiary, Jiangxi CSMall Payment were accounted for as our subsidiaries. See "Appendix I — Accountant's Report — 25. Particulars of Subsidiaries".

The details of Shenzhen Yinruiji, Jiangxi CSMall Payment, the Contractual Arrangements and their termination are set forth below:

Shenzhen Yinruiji

Shenzhen Yinruiji was established on 26 February 2014 with a registered capital of RMB1,000,000 which was fully paid up on the same day, and has since then been owned as to 80% by Mr. Chen and 20% by Mr. Qian. During the Track Record Period and until the termination of the Contractual Arrangements on 22 August 2017, the principal business of Shenzhen Yinruiji was online sale of jewellery products. After the termination of the Contractual Arrangements, Shenzhen Yinruiji does not operate any jewellery online sales platform or integrated online and offline jewellery business that competes with the Group's business.

Jiangxi CSMall Payment

Jiangxi CSMall Payment was established on 15 July 2015 with a registered capital of RMB108,000,000 which was fully paid up by 28 September 2015, and has since then been owned as to 55% by Shenzhen Yinruiji and 45% by Jiangxi Xinhe Enterprise Co., Ltd. (江西新和實業有限公司), an Independent Third Party. During the Track Record Period and until the termination of the Contractual Arrangements, Jiangxi CSMall Payment had not commenced operations.

The Contractual Arrangements

Shenzhen Guoyintongbao entered into the following Contractual Arrangements on 20 May 2014, which allowed Shenzhen Guoyintongbao to exercise full control over Shenzhen Yinruiji:

(a) an exclusive option agreement with Mr. Chen, Mr. Qian and Shenzhen Yinruiji, whereby to the extent permitted under the laws of the PRC, (i) Mr. Chen and Mr. Qian irrevocably and unconditionally agreed to transfer to Shenzhen Guoyintongbao or its designee(s) their equity interests in Shenzhen Yinruiji; (ii) Shenzhen Yinruiji irrevocably and unconditionally agreed to transfer to Shenzhen Guoyintongbao or its designee(s) the assets of Shenzhen Yinruiji (including all tangible and intangible assets held by Shenzhen Yinruiji during the term of the agreement); (iii) Shenzhen Guoyintongbao may exercise at its sole discretion its rights described above at any time and in any manner, with the exercise price of the rights payable to each of Mr. Chen and Mr. Qian being the lower of (1) the amount of registered capital contributed by Mr. Chen or Mr. Qian in accordance with their respective percentage of equity interest in Shenzhen Yinruiji; and (2) the lowest price permitted under the laws of the PRC; and (iv) Mr. Chen and Mr. Qian undertook that, among other things, they will not (1) transfer, mortgage, create any security interest or third party rights in their respective equity interests in Shenzhen Yinruiji; (2) amend the articles of association of Shenzhen Yinruiji; (3) increase or decrease the registered capital of Shenzhen Yinruiji; or (4) appoint or remove any directors of Shenzhen Yinruiji (the "**Exclusive Option Agreement**");

(b) an exclusive consultancy and services agreement with Shenzhen Yinruiji, whereby (i) Shenzhen Yinruiji engaged Shenzhen Guoyintongbao on an exclusive basis to provide consultancy services in relation to technology licensing, technology support, technology consultation and other related corporate consultation services; and (ii) in consideration of the provision of consultancy services, Shenzhen Yinruiji will pay Shenzhen Guoyintongbao (1) a service fee equivalent to 95% of the annual operating revenue of Shenzhen Yinruiji (which service fee represents all of the annual net income of Shenzhen Yinruiji, as advised by our PRC Legal Adviser), or any amount as agreed by Shenzhen Yinruiji and Shenzhen Guoyintongbao; and (2) another service fee agreed separately between Shenzhen Yinruiji and Shenzhen Guoyintongbao for specific technology services provided by Shenzhen Guoyintongbao on the request of Shenzhen Yinruiji (the "**Exclusive Consultancy and Service Agreement**");

(c) a proxy agreement with Mr. Chen, Mr. Qian and Shenzhen Yinruiji, whereby (i) Mr. Chen and Mr. Qian irrevocably undertook that they will authorise persons designated by Shenzhen Guoyintongbao to exercise on their behalf the rights as a shareholder of Shenzhen Yinruiji under the articles of association of Shenzhen Yinruiji, including but not limited to the right to convene and attend shareholders' meeting of Shenzhen Yinruiji and the right to vote as shareholders of Shenzhen Yinruiji; and (ii) Mr. Chen and Mr. Qian agreed to render sufficient assistance to such designated persons in the latter's exercise of the rights described above, including to promptly sign shareholders' resolutions or other relevant documents as and when necessary (for example, to fulfil government filing obligations) (the "**Proxy Agreement**"); and

(d) a share pledge agreement with Mr. Chen, Mr. Qian and Shenzhen Yinruiji, whereby Mr. Chen and Mr. Qian agreed to pledge their equity interests in Shenzhen Yinruiji in favour of Shenzhen Guoyintongbao as security for all the direct, indirect or incidental loss suffered by Shenzhen Guoyintongbao as a result of any breach by Mr. Chen, Mr. Qian or Shenzhen Yinruiji under the Contractual Arrangements (the "**Share Pledge Agreement**").

As advised by our PRC Legal Adviser, the Contractual Arrangements are in compliance with all applicable PRC laws and regulations except that uncertainties exist regarding (i) the enforcement of certain arbitral decisions under PRC laws; (ii) the enforcement of injunctive relief granted by Hong Kong courts under PRC laws; and (iii) the exercise of certain rights provided under the Contractual Arrangements are subject to certain registration and approval procedures under PRC laws.

Termination of the Contractual Arrangements

Our online business generates revenue from e-commerce transactions that fall into the category of online data processing and transaction processing services (operating e-commerce) (在線數據處理與交易處理業務(經營類電子商務)) under PRC laws and regulations. Following certain changes to applicable PRC laws and regulations in the first half of 2015, wholly foreign owned enterprises are now permitted to hold the licence to engage in operating e-commerce transactions. See section headed "Regulation — Regulations Relating to Value-Added Telecommunication Service — Exception Regulations on Foreign Equity Ratios in Online Data Processing and Transaction Processing (Operating E-commerce) Business" in this prospectus for details.

On 31 July 2017, Baiyin Town obtained the VAT Licence (EDI) to provide online data processing and transaction processing services (operating e-commerce), which in turn, enables our Group to operate the online jewellery retail business through Baiyin Town without the Contractual Arrangements. Accordingly, Shenzhen Guoyintongbao, Shenzhen Yinruiji, Mr. Chen, Mr. Qian and Baiyin Town entered into the Contractual Arrangement Termination Agreement on 9 August 2017 to terminate the Contractual Arrangements.

The key terms of the Contractual Arrangement Termination Agreement are set forth below:

Date	:	9 August 2017
Parties	:	Shenzhen Guoyintongbao Shenzhen Yinruiji Mr. Chen Mr. Qian Baiyin Town

Conditions Precedent	:	(1) all domain names held by Shenzhen Yinruiji (including csmall.cn; csmall.com.cn and csmall.com) have been transferred to Baiyin Town free of charge; (2) upon the satisfaction of (1) above, all the data and codes relating to the online jewellery business that are in the servers of Shenzhen Yinruiji have been migrated to the servers of Baiyin Town free of charge; (3) the employment relationship transfer agreement as exhibit to the Contractual Arrangement Termination Agreement has been executed by the employees of Shenzhen Yinruiji, whose employment relationship will be undertaken by Shenzhen Guoyintongbao from the date of completion of the Contractural Arrangement Termination Agreement; (4) all trade balances (if any) between Shenzhen Guoyintongbao and Shenzhen Yinruiji (and/or its subsidiaries) have been settled; and (5) Mr. Chen and Mr. Qian pays Shenzhen Guoyintongbao an amount of not less than RMB1 million, being the higher of the registered capital or the consolidated NAV of Shenzhen Yinruiji.
Completion Date	:	The date immediately after the date on which the conditions precedent are satisfied (or such other date as agreed by the parties to the Contractual Arrangement Termination Agreement).
Termination	:	Each of Shenzhen Guoyintongbao, Shenzhen Yinruiji, Mr. Chen and Mr. Qian irrevocably agrees and confirms that on the Completion Date, each of the Exclusive Option Agreement, Exclusive Consultancy and Service Agreement, Proxy Agreement and Share Pledge Agreement (together, the "**Structured Contracts**") shall terminate and shall no longer have any effect. Upon the Completion Date, each of Shenzhen Guoyintongbao, Shenzhen Yinruiji, Mr. Chen and Mr. Qian shall not have any benefit of or any liabilities or obligations under the Structured Contracts.
Discharge	:	Each of Shenzhen Guoyintongbao, Shenzhen Yinruiji, Mr. Chen and Mr. Qian irrevocably and unconditionally discharges each other from any prior, existing or future disputes, claims, demand, rights, obligations, liabilities, actions, agreements or any proceedings arising under the Structured Contracts. Upon the Completion Date, each of Shenzhen Guoyintongbao, Shenzhen Yinruiji, Mr. Chen and Mr. Qian discharges each other and their respective successor, transferee, executor and their respective existing and former directors, senior management, employees, legal advisers or agents and their related parties ("**Representatives**") and the successors and transferees of each Representative from any undertaking, debt, dispute, demand, obligation or liability arising from the Structured Contracts in whatever type or nature, including any claims and disputes arising from law or equity and regardless whether such claim or dispute has been initiated, actual or contingent, is known or remains unknown.

Transfer of operations : Each party agrees that after Baiyin Town has obtained the VAT Licence (EDI), Baiyin Town shall continue to operate the jewellery online platform. Each party shall use its best endeavours to ensure the satisfaction of all conditions precedent by 31 August 2017.

Non-Competition : Each of Shenzhen Yinruiji, Mr. Chen and Mr. Qian agrees that Shenzhen Yinruiji shall not operate any jewellery online sales platform or any competing businesses.

As a result of the termination of the Contractual Arrangements, our Group no longer had any interests, control, power or rights over Shenzhen Yinruiji and Jiangxi CSMall Payment. As advised by our PRC Legal Adviser, the Contractual Arrangement Termination Agreement is legally valid and binding on the relevant parties and is in compliance with all applicable PRC laws and regulations. The effect of the completion of Contractual Arrangement Termination Agreement to our Group is as follows:

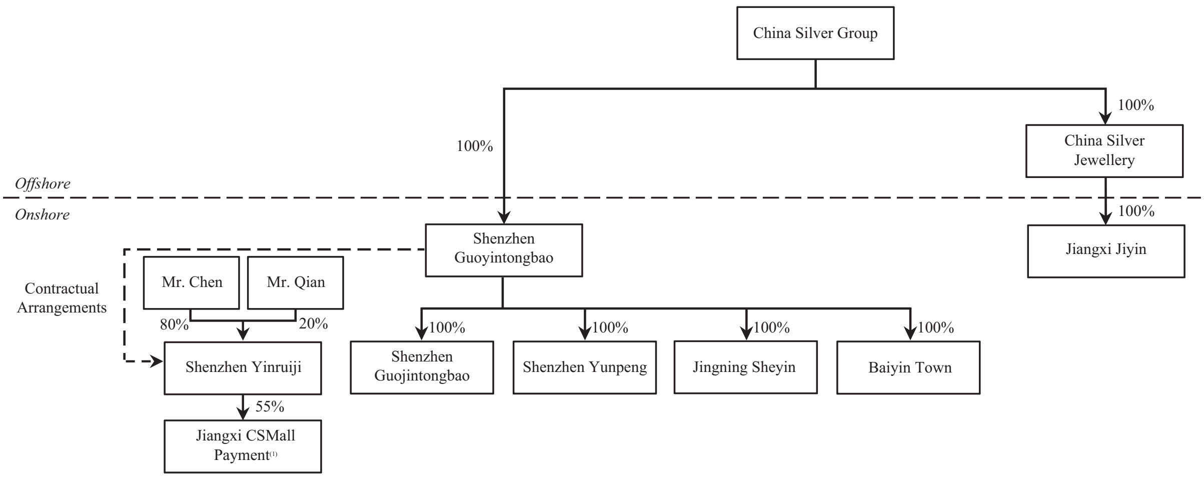
(i) the online jewellery business operations of our Group will be operated by Baiyin Town and as Baiyin Town is a wholly owned subsidiary of the Company, the results of our online jewellery business operations will be consolidated into the accounts of our Group; and

(ii) Shenzhen Yinruiji will cease to operate any online jewellery business operations and the results of Shenzhen Yinruiji will no longer be consolidated into the accounts of our Group.

OUR SHAREHOLDING AND GROUP STRUCTURE

Our Shareholding and Corporate Structure Before the Reorganisation

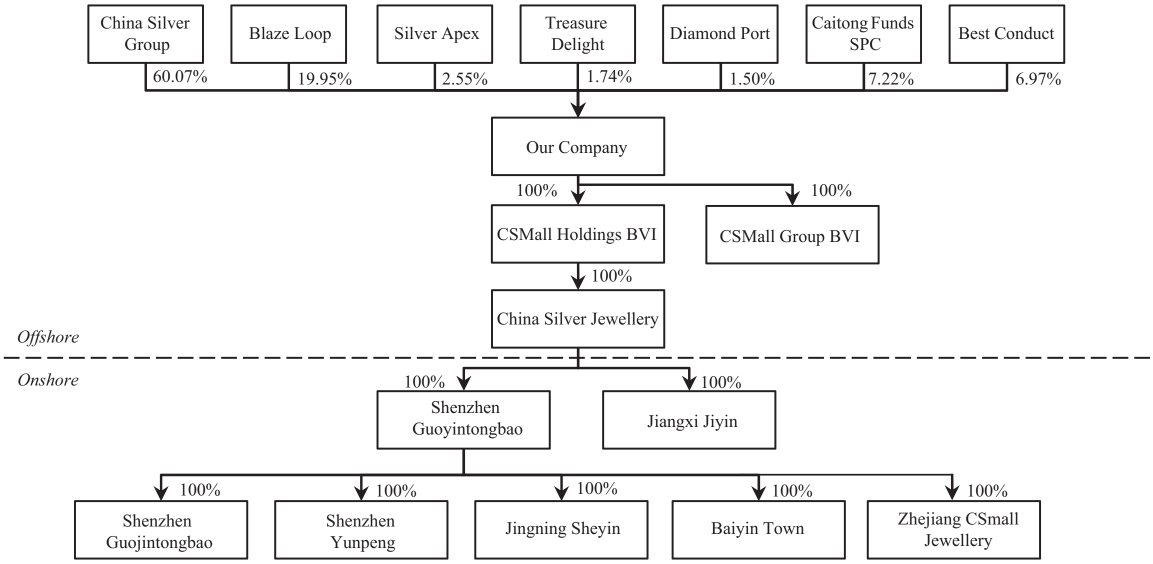
The shareholding and corporate structure of our Group immediately prior to the Reorganisation was as follows:



(1) Jiangxi CSMall Payment was owned as to 55% by Shenzhen Yinruiji and 45% by Jiangxi Xinhe Enterprise Co., Ltd. (江西新和實業有限公司), an Independent Third Party.

Our Shareholding and Corporate Structure After the Reorganisation

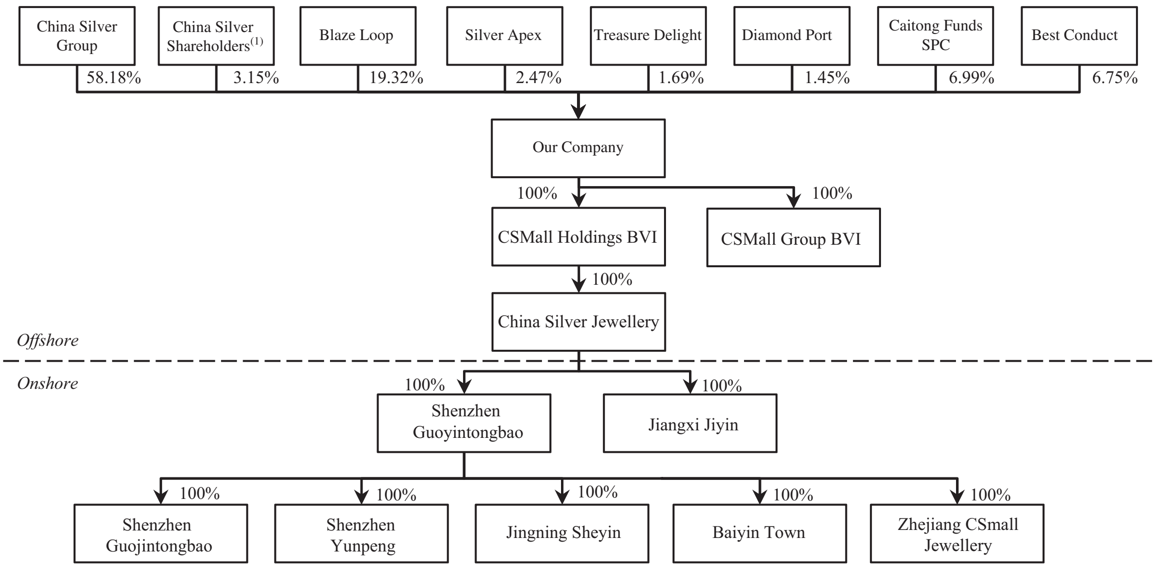
The shareholding and corporate structure of our Group immediately after the Reorganisation, key steps of which are outlined in "— The Reorganisation, Employee Share Scheme and Pre-IPO Investments" in this section, was as follows:



Shareholding Structure After the Reorganisation, the Loan Capitalisation Issue and the Distribution

The Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying China Silver Shareholders of an aggregate of 27,070,010 Shares conditional upon Listing which will be issued to China Silver Group pursuant to the Loan Capitalisation Issue. See the sections headed "The Spin-Off and the Distribution — The Distribution" and "Structure of the Global Offering — The Distribution".

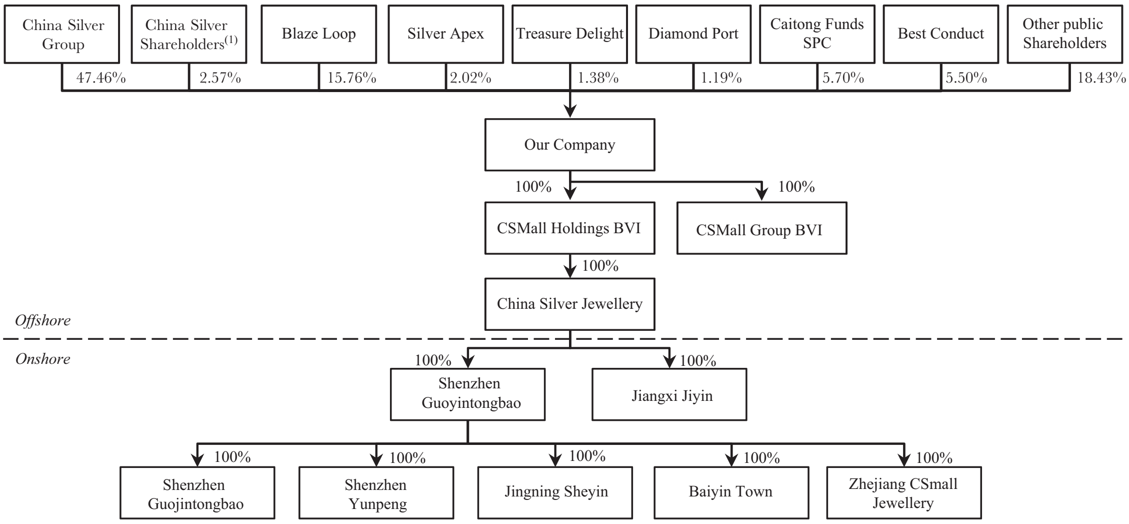
The shareholding structure of our Group immediately after the Loan Capitalisation Issue and the Distribution was as follows:



(1) Assuming, for illustration purposes only, that both the Qualifying China Silver Shareholders and the Overseas Excluded China Silver Shareholders received Shares as their entitlement to the Distribution and have not disposed of such Shares.

Shareholding Structure After Completion of the Global Offering

The shareholding structure of our Group immediately after completion of the Loan Capitalisation Issue, the Distribution and the Global Offering (assuming the Over-allotment Option is not exercised) will be as follows:



(1) Assuming, for illustration purposes only, that both the Qualifying China Silver Shareholders and the Overseas Excluded China Silver Shareholders received Shares as their entitlement to the Distribution and have not disposed of such Shares.

Following completion of the Loan Capitalisation Issue, the Distribution and the Global Offering, China Silver Group will hold approximately 47.46% interest in the issued share capital of our Company. The directors of China Silver Group are of the view that China Silver Group may continue to, having regard to various factors after completion of the Loan Capitalisation Issue, the Distribution and the Global Offering, such as the shareholding structure of the Company and to the extent that China Silver Group continues to exert significant influence over the Company, among others, account for the Company as its subsidiary.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that the share transfers, reorganisations, acquisitions and disposals in respect of the PRC companies in our Group as described above and in the section headed "Statutory and General Information — A. Further Information about Our Company — 2. Changes in Share Capital of Our Company and Our Subsidiaries" in Appendix V to this prospectus have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations in all material aspects.

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the SAIC and the SAFE on 8 August 2006, effective as of 8 September 2006 and amended on 22 June 2009, a foreign investor is required to obtain necessary approvals from MOFCOM or its local counterparts when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise and then invests such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies by way of a share exchange.

Our PRC Legal Adviser is of the opinion that the M&A Rules are not applicable to the Global Offering and no prior approval from the CSRC, the MOFCOM or other PRC government departments is required because no acquisition of equity or assets of any PRC domestic enterprise under the M&A Rules has been involved.

SAFE REGISTRATION IN THE PRC

Pursuant to SAFE Circular 37 which replaced SAFE Circular 75 and became effective on 14 July 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to SAFE Circular 13, promulgated by the SAFE and which became effective on 1 June 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Adviser, the Employee Subscribers (other than the Resigned Employees), Mr. Shi and Mr. Huang (being PRC residents as defined under the applicable provisions under SAFE Circular 37) completed the registration under SAFE Circular 37 on 22 March 2017.

OWNERSHIP CONTINUITY AND CONTROL

Our Group

For the year ended 31 December 2016 and from 1 January 2017 until the date immediately before the completion of the Global Offering (the "**Continuity Period**"), China Silver Group remained and will remain our Controlling Shareholder.

The changes in shareholding of our Group during the Continuity Period are set forth below:

Before Reorganisation

Date	Shareholder(s)	Percentage shareholding in CSMall Group BVI
1 January 2016	China Silver Group	100.00%
21 August 2016	China Silver Group	70.00%
	Blaze Loop	24.99%
	Silver Apex	2.98%
	Treasure Delight	2.03%
5 December 2016	China Silver Group	64.57%
	Blaze Loop	23.06%
	Silver Apex	2.74%
	Treasure Delight	1.87%
	Caitong Funds SPC	7.76%
23 January 2017	China Silver Group	60.07%
	Blaze Loop	21.45%
	Silver Apex	2.55%
	Treasure Delight	1.74%
	Caitong Funds SPC	7.22%
	Best Conduct	6.97%

After Reorganisation

Date	Shareholder(s)	Percentage shareholding in our Company
16 February 2017	China Silver Group	60.07%
	Blaze Loop[(1)]	19.95%
	Silver Apex	2.55%
	Treasure Delight	1.74%
	Diamond Port[(2)]	1.50%
	Caitong Funds SPC	7.22%
	Best Conduct	6.97%

(1) On 8 September 2016 and 10 February 2017 respectively, two of the Blaze Loop Beneficiaries resigned from our Group and were no longer eligible to hold shares in our Group under the Old Trust Deed; their subscription monies were repaid on 8 February 2017 and 16 February 2017 respectively. Following such resignations, the number of Blaze Loop Beneficiaries reduced from 61 to 59.

(2) On 16 February 2017, Blaze Loop transferred the 12,500,000 Shares to which Mr. Zhang, an executive Director and a Blaze Loop Beneficiary, was entitled under the New Trust Deed to Diamond Port, a company wholly owned by Mr. Zhang. Following such transfer, the number of Blaze Loop Beneficiaries further reduced from 59 to 58.

After the Reorganisation, the Loan Capitalisation Issue and the Distribution

Shareholder(s)	Percentage shareholding in our Company
China Silver Group	58.18%
China Silver Shareholders[(1)]	3.15%
Blaze Loop	19.32%
Silver Apex	2.47%
Treasure Delight	1.69%
Diamond Port	1.45%
Caitong Funds SPC	6.99%
Best Conduct	6.75%

(1) Assuming, for illustration purposes only, that both the Qualifying China Silver Shareholders and the Overseas Excluded China Silver Shareholders received Shares as their entitlement to the Distribution and have not disposed of such Shares.

China Silver Group

The following table sets forth the substantial shareholders (as such term is defined in Part XV of the SFO) and their respective shareholdings in China Silver Group during the period from 1 January 2016 to the Latest Practicable Date based on information available to our Company:

		Number of shares held by substantial shareholders and percentage shareholding in China Silver Group		
Date	Total number of shares issued	Mr. CHEN Wantian (陳萬天)	Mr. LUO Shandong (羅山東)	FIL Limited
As of 1 January 2016	1,320,826,589	406,772,187 [(1)] (30.80%)	126,738,000 (9.60%)	N/A (less than 5%)
As of 22 January 2016	1,370,846,589	406,772,187 [(1)] (29.67%)	126,738,000 (9.25%)	N/A (less than 5%)
As of 28 January 2016	1,433,346,589	406,772,187 [(1)] (28.38%)	126,738,000 (8.84%)	N/A (less than 5%)
As of 30 May 2016	1,433,346,589	406,772,187 [(1)] (28.38%)	132,996,000 (9.28%)	N/A (less than 5%)
As of 31 May 2016	1,433,346,589	406,772,187 [(1)] (28.38%)	132,996,000 (9.28%)	72,018,000 (5.02%)
As of 14 September 2016	1,463,346,589	406,772,187 [(1)] (27.80%)	132,996,000 (9.09%)	N/A (less than 5%)
As of 23 February 2017	1,463,346,589	406,772,187 [(1)] (27.80%)	134,969,200 (9.22%)	N/A (less than 5%)

Date	Total number of shares issued	Number of shares held by substantial shareholders and percentage shareholding in China Silver Group		
		Mr. CHEN Wantian (陳萬天)	Mr. LUO Shandong (羅山東)	FIL Limited
As of 24 February 2017	1,477,146,589	406,772,187 [(1)] (27.54%)	134,969,200 (9.14%)	N/A (less than 5%)
As of 27 February 2017	1,477,146,589	406,772,187 [(1)] (27.54%)	119,408,000 (8.08%)	N/A (less than 5%)
As of 11 April 2017	1,614,646,589	406,772,187[(1)] (25.19%)	114,968,000 (7.12%)	82,028,000 (5.08%)
As of 14 September 2017	1,615,346,589	406,772,187[(1)] (25.18%)	106,406,000 (6.59%)	82,028,000 (5.08%)
As of 15 January 2018	1,624,000,589	406,772,187[(1)] (25.05%)	94,249,000 (5.80%)	82,028,000 (5.05%)
As of 8 February 2018	1,624,200,589	406,772,187[(1)] (25.04%)	78,340,000 (4.82%)	82,028,000 (5.05%)
As of the Latest Practicable Date	1,624,200,589	406,772,187[(1)] (25.04%)	78,340,000 (4.82%)	82,028,000 (5.05%)

(1) Mr. CHEN Wantian holds 405,722,187 shares in China Silver Group through Rich Union Enterprises Limited which is in turn wholly owned by Mr. CHEN Wantian.

Mr. CHEN Wantian is the chairman and an executive director of China Silver Group. To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, (i) each of Mr. LUO Shandong and FIL Limited is an Independent Third Party; and (ii) Mr. CHEN Wantian was not acting in concert with any of Mr. LUO Shandong and FIL Limited during the period from 1 January 2016 to the Latest Practicable Date.

THE SPIN-OFF

On 30 August 2017, our Controlling Shareholder announced that it had submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Spin-Off and that the Stock Exchange confirmed that it may proceed with the Spin-Off. The reduction of our Controlling Shareholder's shareholding interest in our Company following completion of the Spin-Off constitutes a major disposal of our Controlling Shareholder under the Listing Rules. The Spin-Off is therefore subject to the approval of China Silver Shareholders pursuant to PN15 and the Listing Rules.

Immediately after completion of the Spin-Off, the percentage shareholding of our Controlling Shareholder in our Company will be diluted from approximately 60.07% as at the Latest Practicable Date to approximately 47.46% (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option).

Following completion of the Spin-Off, the Remaining Group will continue to operate the business of manufacturing high-grade silver ingots for industrial and trading purposes and Shanghai Huatong, an integrated precious metal exchange platform in China. Please see the section headed "Relationship with our Controlling Shareholder" for details of the Retained Businesses.

REASONS FOR AND BENEFITS OF THE SPIN-OFF

In the PN15 Announcement, our Controlling Shareholder stated that it considers the Spin-Off is in the interest of the Remaining Group and our Group and the China Silver Shareholders for the following reasons:

- Clarity and fairness of valuation. The nature of business, source of revenue, products or services offered, target customers and nature of suppliers of the Retained Businesses and the business of our Group are vastly different. The separate listing of our Group will enable investors to appraise the performance and potential of the Retained Businesses and the business of our Group separately, thereby achieving a clear and fair valuation of both the Remaining Group and our Group.

- Enhancement of value. Our Controlling Shareholder believes that the Spin-Off will unlock our Group's shareholder value as a result of the increased financial reporting transparency of our business, and enhance access to capital by virtue of our Group's separate listing status so as to support our expansion plans in the years to come. At the same time, as our Controlling Shareholder will remain our controlling shareholder, our Controlling Shareholder's shareholders will also be able to enjoy the benefits of our development.

- More defined focus and effective resource allocation. The Retained Businesses and our business will be clearly delineated and will function independently after the Spin-Off. This will allow the management teams of both the Remaining Group and our Group to focus on their respective business operations and expertise as well as allocate resources only with regard to their respective needs. This is important given our Group's rapid growth rate.

- Alignment with appropriate investor bases. The Spin-Off will strengthen the existing investor base of our Controlling Shareholder and create a new investor base for us. With the divestment of our Group, shares in our Controlling Shareholder will prove more attractive to investors who specifically seek to invest in the traditional businesses of silver ingot and non-ferrous metal manufacturing and commodity exchange, many of whom are existing shareholders of our Controlling Shareholder. On the other hand, our Shares will appeal to "new economy" investors who are interested in e-commerce and Internet-based companies as well as other companies in the technology and innovation-based sectors.

In the PN15 Announcement, our Controlling Shareholder also stated that it proposes to give due regard to the interests of China Silver Shareholders by providing them with an assured entitlement to the Shares by way of distribution in specie of the Shares to be issued pursuant to the Loan Capitalisation Issue if the Spin-Off proceeds. Details of the Distribution are set out below.

THE DISTRIBUTION

China Silver Shareholders approved the Spin-Off in an extraordinary general meeting of our Controlling Shareholder held on 15 December 2017.

Pursuant to the resolutions of our Shareholders passed on 13 February 2018 and 21 February 2018, subject to the Global Offering becoming unconditional in all respects, our Directors were authorised to allot and issue a total of 27,070,010 new Shares to China Silver Group under the Loan Capitalisation Issue and all of these new Shares shall be distributed to the Qualifying China Silver Shareholders in the manner set out in the section "Structure of the Global Offering — The Distribution". The Distribution will therefore be satisfied wholly by way of distribution in specie to the Qualifying China Silver Shareholders of such newly issued Shares under the Loan Capitalisation Issue, which represents approximately 3.15% of the then issued share capital of our Company immediately following completion of the Loan Capitalisation Issue and Distribution and before completion of the Global Offering, in proportion to their respective shareholdings in our Controlling Shareholder on the Record Date.

Pursuant to the Distribution, the Qualifying China Silver Shareholders will be entitled to one Share for every 60 China Silver Shares held on the Record Date. The Distribution is conditional on the Global Offering becoming unconditional in all respects. If such condition is not satisfied, the Distribution will not be made and the Spin-Off will not take place.

Fractional entitlements of the Qualifying China Silver Shareholders to the Shares under the Distribution will be retained by China Silver Group for sale in the market and China Silver Group will keep the net proceeds of sale, after deduction of related expenses therefrom, for the benefit of China Silver Group.

Subject to the Distribution becoming unconditional, we expect to despatch share certificates to Qualifying China Silver Shareholders who are entitled to receive Shares under the Distribution on or before Monday, 12 March 2018. Share certificates will only become valid if the Distribution becomes unconditional.

Overseas Excluded China Silver Shareholders (if any) will be entitled to the Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Distribution will be sold by our Controlling Shareholder on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. The proceeds of such sale, net of expenses, will be paid to the Overseas Excluded China Silver Shareholders in Hong Kong dollars. Such payment is expected to be made on or before Thursday, 12 April 2018.

Our Shares will be traded in board lots of 1,000 Shares each. One China Securities Limited will provide matching services, on a best efforts basis, to the Qualifying China Silver Shareholders to facilitate the trading of odd lots (if any) of Shares which the Qualifying China Silver Shareholders may receive under the Distribution. For further details, please refer to the announcement dated 28 February 2018 issued by our Controlling Shareholder.

The cost of sales upon which our Group's profit for the years ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016 is based reflected the cost of production of silver ingots incurred by Longtianyong during the Relevant Period, which was our sole supplier of silver ingots during the Relevant Period, instead of the prevailing market rates of silver ingots which are in general higher than their cost of production. To provide investors with a meaningful measure of our overall profit generating capabilities during the Track Record Period and after Listing that reflect cost of silver ingots procured on an arm's length basis, we have disclosed and analysed information in respect of our Group's cost of sales and profitability by reference to the Listing Segment financial information derived from Note 5 to our consolidated financial statements in "Appendix I — Accountants' Report". See the section headed "Financial Information — Explanatory Statement on the Presentation of our Group's Cost of Sale and Profitability" in this prospectus.

OVERVIEW

We are the largest integrated online and offline Internet-based jewellery retailer in China in terms of sales revenue in 2016 and the number of online registered user accounts as of 31 December 2016, according to the Frost & Sullivan Report. We sell a wide selection of self-branded and third-party branded jewellery products, including gold bars, silver bars, wearable jewellery, silverwares and other collectibles, primarily through our self-operated online platform (comprising **www.csmall.com**, **m.csmall.com**, and the mobile App of 金貓銀貓CSmall), third-party online sales channels and our offline sales and network (mainly comprising 115 CSmall Shops and the Shenzhen Exhibition Hall as of 31 October 2017). In terms of sales revenue in 2016, we ranked first among online jewellery retailers and integrated online and offline jewellery retailers in China, commanding a market share of 5.3% and 7.3%, respectively, according to Frost & Sullivan. During the Track Record Period, we witnessed substantial growth of our revenue and profit. Our total revenue was RMB291.2 million, RMB835.3 million, RMB2,465.3 million, RMB1,819.7 million and RMB3,154.4 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 191.0% from 2014 to 2016, and our Listing Segment net profit was RMB9.7 million, RMB21.5 million, RMB48.1 million, RMB47.9 million and RMB67.6 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 122.7% from 2014 to 2016.

Our significant revenue growth during the Track Record Period was primarily driven by the increased sales of gold products, whose revenue accounted for 19.5%, 50.5%, 78.6%, 76.5% and 80.9% of our total revenue in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively. Such significant growth in revenue of gold products was mainly attributable to our promotional sales of gold bars through our self-operated online platform at competitive price, which was one of our key online sales and marketing strategy starting from 2015. The revenue from sales of gold bars accounted for 9.2%, 41.3%, 73.2%, 73.9% and 66.9% of our revenue in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017. Although the gold bars we sold at competitive prices generally commanded relatively low gross profit margins, which were nil, 2.5%, 1.2%, 1.6% and 0.7% in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, such competitive selling strategies allowed us to (i) increase customer traffic; (ii) increase revenue and profit in absolute amounts; and (iii) promote the CSmall brand. We believe that our sales of gold bars at competitive prices will continue to create value for us in the near future, but we will conduct such sale in conjunction with other strategies, such as diversifying our product mix by promoting jewellery products with higher profit margins and promoting our CSmall Gift initiatives, thereby limiting the impact of gold bars on our overall gross profit margin.

The growth in our gross profit during the Track Record Period was primarily attributable to the general increase in the sales of our various types of silver products which had relatively higher gross profit margins ranging from 20.3% to 31.9%, and to a lesser extent, our gold products, primarily gold bars, as a result of their larger sales volume. In 2014, 2015 and 2016, and the ten months ended 31 October 2016 and 2017, the gross profit of our silver products was RMB72.8 million, RMB79.9 million, RMB110.3 million, RMB85.3 million and RMB106.9 million, respectively, and the gross profit/(loss) of our gold products was (RMB1.4 million), RMB12.6 million, RMB29.7 million, RMB28.1 million and RMB46.1 million, respectively.

We believe the future growth of our business will benefit from the strong growth potential in the online jewellery retail market, which is expected to grow at a CAGR of 24.0% from 2016 to 2021, according to Frost & Sullivan. The PRC integrated online and offline jewellery retail market, as the primary segment of the online jewellery retail market on which we focus, is expected to expand at a CAGR of 26.4% from 2016 to 2021. In addition, we believe our leading market share and extensive customer base allow us to further strengthen our leading market position in the highly fragmented online jewellery retail market in China.

We integrate our online and offline jewellery sales channels and develop our New Jewellery Retail Model that incorporates four complementary elements, being (i) a comprehensive e-commerce platform, (ii) easily accessible offline sales and service network, (iii) data mining and utilisation capabilities; and (iv) innovative crossover sales and marketing initiatives. Our highly integrated online sales channels and offline sales and service network complement, support and promote each other, thereby creating a synergistic effect in contributing to the growth of our business. Our online sales channels offer a wide selection of jewellery products to our customers with easy access while our customers can visit our offline sales and service network to enjoy on-the-ground sales and services, including jewellery fitting and maintenance services that are essential for jewellery shopping experience. We offer our customers convenient online and offline shopping access with offline jewellery fitting and maintenance services, thereby improving our customers' shopping experience. Leveraging on our extensive customer reach, we utilise data analytics to understand customer needs and preferences and apply them in our targeted sales and marketing initiatives and our product designs and development. We are dedicated to strengthening our data mining and utilisation capabilities to become a trendsetter in jewellery design and retailing. To differentiate us from the traditional jewellery retail models that heavily rely on self-operated jewellery distribution channels, we have designed and implemented innovative crossover sales and marketing initiatives, such as our CSmall Gift initiatives, by cooperating with non-jewellery retailers, service providers and our franchisees, to enhance our sales growth and expand our customer base in a cost effective manner.

Catering to the evolving market trends and the growing demand for affordable jewellery products in China, we design and sell a wide selection of affordable jewellery products with diversified and fashionable designs. We are well recognised by our customers for the authenticity and quality of our jewellery products, which significantly contributes to the market recognition of our platform brand of 金貓銀貓CSmall. In August 2016, we solely founded the Commission of Online Jewellery Retailers under CECA, a national industry association of e-commerce business in China as approved by the State Council.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have been critical to our success to date and have positioned us for future growth:

We are the largest integrated online and offline Internet-based jewellery retailer in China operating under our New Jewellery Retail Model.

According to the Frost & Sullivan Report, in terms of sales revenue in 2016, we ranked first among online jewellery retailers and among integrated online and offline jewellery retailers in China, commanding a market share of 5.3% and 7.3%, respectively, whereas the second leading competitors in these highly fragmented markets only commanded a market share of 2.2% and 2.9%, respectively. See the section headed "Industry Overview" in this prospectus for more information.

Our online sales channels and offline sales and service network complement, support and promote each other, and the synergies resulting therefrom contribute to the expansion of our customer base and the growth of our business. Our customers can access a wide selection of jewellery products through our integrated online and offline jewellery retail structure, and also enjoy on-the-ground sales and services at our offline sales and service network, including jewellery fitting and maintenance services which are essential in the jewellery shopping experience. The interaction between our online sales channels and offline sales and service network helps to expand our customer reach by driving customer traffic to each other.

The number of PV, UV and IP of our self-operated online jewellery platform were approximately 378.77 million, 125.88 million and 93.15 million, respectively, in 2016, and were approximately 704.37 million, 136.54 million and 76.88 million, respectively, in the ten months ended 31 October 2017. As of 31 December 2016, the number of registered user accounts of our self-operated online platform was approximately 4.28 million, which is the largest among the PRC integrated online and offline jewellery retailers according to the Frost & Sullivan Report. Such number of registered user accounts reached approximately 7.03 million as of 31 October 2017. To supplement our self-operated online platform and extend our customer reach, we also sell our jewellery products through certain third-party online sales channels, such as television and video shopping channels and third-party online marketplaces. As of 31 October 2017, our offline sales and service network comprised (i) our CSmall Shops located in 17 provinces and municipalities in China, consisting of seven self-operated CSmall Shops, four jointly operated CSmall Shops and 104 franchised CSmall Shops; (ii) our Shenzhen Exhibition Hall; and (iii) our third-party offline points of sale, which are certain commercial banks we cooperated with.

During the Track Record Period, we benefited from our retail structure and witnessed strong growth in our revenue and profit. Our total revenue was RMB291.2 million, RMB835.3 million, RMB2,465.3 million, RMB1,819.7 million and RMB3,154.4 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 191.0% from 2014 to 2016, and our Listing Segment net profit was RMB9.7 million, RMB21.5 million, RMB48.1 million, RMB47.9 million and RMB67.6 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 122.7% from 2014 to 2016.

Leveraging on our leading position in the PRC online jewellery retail market, we solely founded the Commission of Online Jewellery Retailers under CECA in August 2016. As of the Latest Practicable Date, CECA was a national industry association of e-commerce business in China, which was initiated by the MIIT and approved by the State Council. As the sole founder of the Commission of Online Jewellery Retailers, we believe that in due course, we will be in a position to lead the cooperation among market players in the online jewellery retail market in China and the organisation of events and trainings relating to online jewellery retailing, thereby improving the overall development of online jewellery retail market in China.

We believe our business will continue to benefit from the potential growth in the online jewellery retail market and the demand for affordable jewellery products in China.

According to the Frost & Sullivan Report, the jewellery retail market in China has been developing substantially along with the rising purchasing power of Chinese consumers. The total sales revenue of jewellery retail market in China increased from RMB514.9 billion in 2012 to RMB708.0 billion in 2016, and is forecasted to reach RMB1,035.6 billion in 2021. According to the same source, although the online jewellery retail market initially represented a relatively small segment in the jewellery retail market in China, it grew rapidly at a CAGR of 34.1% from 2012 to 2016, with the total sales revenue increasing from RMB14.3 billion in 2012 to RMB46.4 billion in 2016. The online jewellery retail market in China is forecasted to continue to grow at a CAGR of 24.0% from 2016 to 2021, with a total sales revenue of RMB135.9 billion in 2021. The PRC integrated online and offline jewellery retail market, as a primary segment in online jewellery market, expanded even faster at a CAGR of 46.0% from 2012 to 2016 and is expected to further grow at a CAGR of 26.4% from 2016 to 2021 with a total sales revenue of RMB109.7 billion in 2021.

We offer a diversified range of authentic and quality jewellery products that are made of a wide array of materials, including gold, silver and various kinds of gemstones. We sell our products through our integrated online and offline jewellery retail structure which allows us to reach a broad range of customers in China. We adopt a multi-tier and multi-brand strategy for our jewellery products, which enables us to cater to a broad spectrum of customers with different and evolving needs and preferences, thereby strengthening our business resilience. As of 31 October 2017, the jewellery products available for sales through our integrated online and offline jewellery retail structure covered 191 brands, comprising 23 self-owned brands and 168 third-party brands. Our revenue from our self-branded jewellery products accounted for more than 99% of our total revenue in each of 2014, 2015, 2016 and the ten months ended 31 October 2017. See the section headed "— Our Brands and Products" for more information.

According to the Frost & Sullivan Report, there is substantial growth potential in the demand for affordable jewellery products in China, especially by the younger generation, which is demonstrated by a growing number of consumers purchasing multiple affordable jewellery products of various styles and designs as personal adornment for different settings rather than a single piece of costly jewellery product. In light of such market demand, we embrace the product philosophy of affordable luxury and fast fashion and regularly roll out a wide selection of affordable jewellery products with diversified and fashionable designs to keep pace with the evolving market trend. We launched 203, 239, 257 and 719 products designs for our self-branded jewellery products in 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively, of which 141, one, four and 169 product designs were from external designers.

Our leading market position has well positioned us to strengthen our data mining and analytical capabilities to further enhance our business growth.

We are committed to the development of our data mining and analytical capabilities to enhance our customers' shopping experience and our business growth. We believe that our leading market position and extensive customer reach have well positioned us to further expand the volume, width and depth of our sources of customer data to generate comprehensive data analytics to support and enhance our business.

We sell our jewellery products to a wide range of customers. We believe that our customer base has great potential to grow significantly. The number of our registered user accounts of our self-operated online platform was approximately 4.28 million as of 31 December 2016, which, according to Frost & Sullivan, was the largest among the PRC integrated online and offline jewellery retailers as of that date. Such number of registered user accounts reached approximately 7.03 million as of 31 October 2017. During the Track Record Period, we also expanded our customer base through our third-party online sales channels, our CSmall Shops, our Shenzhen Exhibition Hall, third-party offline points of sale and our CSmall Gift initiative. With the assistance of third-party softwares, we collect a wide range of data, including online clicking, viewing, logon, transaction and registered user data and offline transaction data. We believe that we are one of the early-movers among the jewellery retailers to use RFID technologies in our self-operated CSmall Shop located in Shenzhen Futian COCO Park to collect data relating to customer behaviour. Leveraging our leading market share, we not only generate extensive data from our existing customer base, but also significantly expand our data collection base by tapping into the customer traffic of our CSmall Gift partners through our CSmall Gift initiatives.

Our dedicated data research team analyses customer needs and preferences based on the customer data characterised by, among other things, age, gender, occupation, personal interests and regions. The analysed data is then shared with our different functional departments for application in improving our product designs and development, our targeted sales and marketing initiatives and our other business operations. By utilising our data analytics, we proactively seek to better serve the evolving needs of our extensive customer base and to become the trendsetter in jewellery designs and retailing.

Our diversified sales and marketing initiatives that are designed to differentiate us from traditional jewellery retailers have substantially contributed to the growth of our business.

We have been dedicated to developing and implementing effective sales and marketing initiatives in the jewellery retail market in China. We believe that we are one of the early-movers in China to establish multi-brand jewellery stores. As of 31 October 2017, 108 of our 115 CSmall Shops were multi-brand shops, each of which generally carried two to nine jewellery brands, catering to different needs and preferences of customers. At one shop, our customers can try and purchase our jewellery products under various brands with differentiated products of broad price ranges. In addition, we also seek to expand our customer reach, diversify our revenue streams and enhance our brand exposure by utilising a multi-channel sales model through cooperating with certain third-party online sales channels and third-party offline points of sale. For example, we cooperate with certain television and video shopping channels to promote and sell our jewellery products, through which we achieved satisfactory sales performance and enhanced our brand recognition among a wide range of viewers of such television and video shopping programmes in China. Furthermore, we launch certain online flash sales from time to time through our self-operated online jewellery platform, which substantially increase our business scale, expand our customer base and brand recognition.

We also explored and developed crossover sales and marketing initiatives to increase our sales volume and expand our customer base by cooperating with branded retailers or service providers that are not directly engaged in the jewellery business. For example, we cooperated with an entertainment service provider to launch joint sales and marketing campaigns in its outlets to promote our brands and products to their customers. In addition, we sponsored certain sports events and movie award ceremonies to promote our jewellery products and enhance our brand awareness. For example, we sponsored the China Volleyball League All-star Game held on 26 February 2017 in Shenzhen, and as the exclusive official provider of jewellery products, we provided specifically designed champion rings and silver badges to the participating volleyball stars for promotional purposes and for sales to retail customers as event souvenirs.

As we continued to refine and improve our crossover sales and marketing initiatives, in September 2016, we launched our CSmall Gift initiatives, through which we provide our jewellery products to our CSmall Gift partners, which they then allow their customers to redeem as gifts at the stores or outlets of our CSmall Gift partners, for an equivalent or discounted dollar amount of the goods that they have purchased from these CSmall Gift partners. We sell jewellery products to our CSmall Gift partners on a wholesale basis and our CSmall Gift partner will generally settle payment for our products upon delivery or on a monthly basis. As our CSmall Gift initiatives evolve, we began to sell CSmall Gift credits (貓券) to our CSmall Gift partners in April 2017, which they can grant to end customers for redeeming our jewellery products on our self-operated online jewellery platform. As customers of our CSmall Gift partners will need to become registered users of our self-operated online platform to claim and keep track of their CSmall Gift credits, we believe this will significantly contribute to the growth of customer traffic and enhance our brand recognition. We believe that our CSmall Gift initiatives not only tap into the established customer traffic of our CSmall Gift partners and transform it into our sales volumes, but also promote the sales of our CSmall Gift partners. We believe that this "win-win" initiative will help create further cooperation opportunities between us and other product and service providers in a broad range of industries and markets. The revenue from our CSmall Gift initiatives in 2016 (for the last four months in 2016 since its launch in September 2016) and the ten months ended 31 October 2017 was RMB0.5 million and RMB9.4 million, respectively. As of the Latest Practicable Date, we had entered into CSmall Gift arrangements with 46 CSmall Gift partners including an automobile after-sales service provider, a branded apparel retailer, certain other goods and service providers such as Internet-based financial service provider and automobile trading service provider, and our franchisees. See the section headed "— Our CSmall Gift Initiatives" for more information.

We have developed market recognition for our platform brand of 金貓銀貓CSmall and our trustworthy product quality.

We operate our integrated online and offline jewellery retail structure under our platform brand of 金貓銀貓CSmall, through which we provide a wide selection of multi-tier and multi-brand jewellery products. According to the Frost & Sullivan Report, we are well recognised by our customers for product quality, which significantly contributes to the market recognition for our platform brand of 金貓銀貓CSmall. Benefiting from such market recognition, we have been an authorised distributor of China Gold Coin Corporation (中國金幣總公司) to distribute their panda gold coins in China since December 2016.

Our self-branded jewellery products are designed by our in-house designers in our product development team and, to a lesser extent, our external designers who are referred to us by the art and design institutions and colleges that we cooperate with. As of 31 October 2017, our product development team consisted of 14 members who on average have more than three years of experience in jewellery design. We are also committed to building an engaging and accommodating platform to cooperate with art and design institutions and their designers to diversify our product designs and keep pace with the evolving market trends. We adopted an approach of purchasing both product designs from external designers and finished jewellery products of designer's brands. During the Track Record Period, we also sourced a small portion of third-party branded jewellery products from other jewellery suppliers to supplement our product offerings. We implement the same product quality assurance policies for our self-branded jewellery products and third-party branded jewellery products.

The authenticity and quality of our jewellery products have been critical to our success to date. We provide our customers with authentication certificates issued by jewellery quality inspection centres that are approved by AQSIQ. We also guarantee our customers that we will pay a penalty of up to ten times the purchase price for our jewellery products if an AQSIQ-approved jewellery quality inspection centre certifies such products to be inauthentic or defective. We have also maintained quality assurance insurance from China Taiping Insurance for all of our jewellery products sold through our self-operated online platform to encourage our customers' online shopping. Under the quality assurance insurance policies, customers are entitled to a full refund of their online purchase directly by China Taiping Insurance if an AQSIQ-approved jewellery quality inspection centre certifies our products purchased by the relevant customers to be inauthentic or defective. We had not experienced any claims under the quality assurance insurance during the Track Record Period and up to the Latest Practicable Date.

We are led by an experienced management team with strong execution capabilities.

The co-founders of our integrated online and offline jewellery retail business, Mr. Chen, our chairman of the Board, and Mr. Zhang, our co-CEO and president, are both well respected entrepreneurs in the jewellery retail business in China with successful track records. Under the leadership of Mr. Chen and Mr. Zhang, we have introduced diversified sales and marketing models and initiatives that are designed to differentiate us from our competitors, such as establishing multi-brand CSmall Shops and implementing our CSmall Gift initiatives, which helped us become an early mover in the integrated online and offline jewellery industry.

Our senior management team comprises executives with extensive and diversified industry experience and strong execution capabilities. Members of our senior management team on average have ten years of experience in jewellery, retail or e-commerce industry. In addition, we adopted an Employee Share Scheme that allows our key management personnel, including Mr. Chen, Mr. Zhang, our vice presidents and certain of our various department heads, to beneficially own our Shares. Such scheme further aligns the interests of our key management personnel and our Group. See the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments — Employee Share Scheme" in this prospectus for more information. Our co-founders and management team are committed to building a corporate culture dedicated to the pursuit of excellence and long-term commitment. Our corporate culture, coupled with our employee training, career development and incentive programmes, have contributed greatly to motivating and retaining our talented employees to drive our business growth.

OUR STRATEGIES

Our goal is to maintain and consolidate our position as a leading integrated online and offline Internet-based jewellery retailer in China. We plan to achieve this goal by implementing the following strategies:

We will continue to expand and optimise our integrated online and offline jewellery retail structure and enhance the online and offline synergies.

We believe the integration and synergies of our online sales channels and offline sales and service network are critical to our successful track record and will continue to promote our business. As an Internet-based jewellery retailer, we plan to continue to optimise our online sales channels by upgrading the IT infrastructure of our self-operated online platform to satisfy our growing business needs, taking into account various factors including the expected product demand under our CSmall Gift initiatives. Leveraging our data mining and utilisation capabilities, we will continue to enhance the user-friendliness of our websites and mobile App to improve our customers' shopping experience. Furthermore, we will also continue to review market conditions and launch targeted sales and marketing campaigns to attract and retain customer traffic to our self-operated online platform. In addition, we plan to continue to selectively expand our cooperation with third-party online sales channels to diversify our revenue streams and increase our brand exposure.

As our offline sales and service network complements and promotes our online sales channels, we plan to continue to expand our offline presence to expand our geographic footprint in the more developed cities of China where local consumers have strong purchasing power. We will also expand our cooperation with third-party offline points of sale and explore joint marketing initiatives to promote our brands and products. To promote our online and offline synergies, we will, on the one hand, continue to proactively promote our self-operated online platform at our offline sales and service network and drive the customer traffic to our websites and mobile App, and on the other hand, continue to improve our customer services at our offline presence to support and enhance our online sales.

We will continue to implement our CSmall Gift initiatives to expand our customer base and enhance our business growth.

We believe that our CSmall Gift initiatives are scalable and replicable sales and marketing formats which are expected to significantly enhance our business growth. We will continue to implement our CSmall Gift initiatives by expanding our cooperation with more crossover market retailers and service providers in addition to our existing CSmall Gift partners. We are in the process of negotiating with a number of potential CSmall Gift partners to further implement our CSmall Gift initiatives. We plan to continue our CSmall Gift arrangements with the existing CSmall Gift partners after the Listing. For prospective candidates of CSmall Gift partners, we would consider factors such as (i) their business scale and financial condition, (ii) the geographic coverage of their sales network, (iii) their demand for our CSmall Gift products and (iv) their ability to further develop their customer base.

We will increase our business scale according to the expected demand for our jewellery products with the expansion of our CSmall Gift initiatives. To ensure that we have adequate stock of jewellery products to satisfy the CSmall Gifts credits sold to our CSmall Gift partners, we generally start to secure inventory of jewellery products for redemption one month in advance to allow sufficient time for product design, raw material sourcing and OEM production, taking into account a reasonable headroom to accommodate additional *ad hoc* demands by our CSmall Gift partners from time to time. We also plan to enhance our inventory and logistics management to support our expected business growth as the number of our CSmall Gift partners increases. We will also regularly review our warehousing and logistics capacities and take appropriate measures in a timely manner, including leasing new warehouses and upgrading our order fulfilment facilities, to ensure the smooth implementation of our CSmall Gift initiatives and support our business growth.

In addition, we will continue to diversify our product offerings available for redemption under the CSmall Gift initiatives to cater to the different needs of a wider range of customers. In particular, we will continue to strengthen our data mining capabilities to collect and analyse customer shopping and redemption transaction data to enhance our product designs and development under our CSmall Gift initiatives. Moreover, we also seek to improve and adjust our CSmall Gift initiatives to better accommodate the needs of our CSmall Gift partners and their customers. For example, we will expand our dedicated team to provide onsite guidance and support at the stores or outlets of our CSmall Gift partners, which also helps promote our brands and products and collect customer feedback. We will develop and implement targeted promotion and customer retention programmes for customers under the CSmall Gift initiatives. For example, to enhance their loyalty and to encourage their direct purchase from us, we may offer these customers with special discounts and launch limited editions of jewellery products available for redemption or purchases.

In order to promote our CSmall Gift initiatives in different geographic locations, we consider it necessary to establish physical outlets, our CSmall Gift shops, to showcase the jewellery products for CSmall Gift initiatives and facilitate the online redemption of such products by providing offline jewellery fitting services and customer services. We distinguish our CSmall Gift shops from our CSmall Shops because we believe that a distinct shop that focuses on the gift experience would enhance the overall image of the CSmall Gift concept. We adopt a sales and marketing strategy where jewellery products redeemed at our CSmall Gift shops are different to those sold at our CSmall Shop. For example, our gifts redeemed at our CSmall Gift shops are mainly karat gold and gem-set jewellery products while our new self-operated CSmall shops focus on silver collectibles, silverware and other silver jewellery products. As such, our CSmall Gift shops are focused on assisting customers to select gifts for redemption and therefore offer a different customer experience from our CSmall Shops. During September and December 2017, we opened our first three CSmall Gift shops in Fujian and Zhejiang provinces, with a gross floor area of 120 square metres, 66 square metres and 387 square metres, respectively. We also plan to open an additional 29 CSmall Gift shops by the end of 2018 in major municipalities and cities throughout the PRC, each in general with a gross floor area ranging from 50 to 70 square metres and employing four to six employees. See the section headed "— Our CSmall Gift Initiatives" for more information.

We will continue to strengthen our data collection, analytical and utilisation capabilities.

We are dedicated to strengthening our data collection, analytical and utilisation capabilities to support and enhance all key aspects of our business operations, including our product designs and development, sales and marketing planning, expansion of customer reach, improvement of customer service and brand recognition, and adaptability to evolving market trends and customer preferences. In the long run, we also intend to develop and maintain a comprehensive and dedicated data platform with artificial intelligence capabilities for ourselves and our business partners.

We will continue to leverage our extensive customer reach to diversify the source of our database as we believe the expansion in the volume, breadth and depth of data is fundamental to enhancing our data mining capabilities. We will upgrade our data collection, processing and management systems by increasing the server volume and introducing new software applications to be in line with the expansion of our business operations. In particular, we expect our data source will increase significantly as we continue to cooperate with a wider range of CSmall Gift partners. Furthermore, we intend to develop our proprietary software applications to facilitate the collection, computerisation and storage of extensive data relating to customer behaviour and retail transactions available to us under our CSmall Gift initiatives. We also seek to develop and optimise tailored mobile Apps to further streamline the CSmall Gift redemption process as we believe convenience and customer experience are critical for driving more customer traffic to our self-operated online platform. As data mining and analysis professionals are critical for our data analysis and utilisation, we plan to expand our data research team by hiring more experienced and specialised personnel. In addition, we will continue to review and refine the mechanism for sharing and using data analytics within our Group to effectively increase its value through application in various aspects of our operations and enhance our business growth.

We will continue to enhance our product design and development capabilities and our brand recognition.

We believe that our ability to continuously produce a broad spectrum of appealing jewellery designs that promptly respond to the evolving market trends and customers' preferences in different regions contributes to our success. In addition, we believe that the engagement of our in-house designers and our external designers referred by our cooperated jewellery design institutions and colleges helps to enhance our product design capability. In order to further improve our design capability, we intend to expand our internal design team by hiring more experienced jewellery designers with a diversified background and also to cooperate with a wider range of external institutions and their designers. In addition, we also intend to upgrade our existing product design equipment, including by application of 3D printing machines. As of 31 October 2017, we have one 3D printing machine located at our Shenzhen Exhibition Hall. We intend to add two more 3D printing machines to improve our design and production capabilities. We believe that 3D printing machines allow more precise product prototypes to be created at lower cost and higher speed, which will enable our in-house designers to create new designs easily, and shorten the time needed to launch new products. We will also continue to provide our internal and external designers with the latest intelligence and analytics regarding market trends and customer preferences to inspire their designs.

We also believe that strong brand development capabilities are essential to the success of our business. We plan to enhance our brand exposure and strengthen our brand recognition through improving our product designs and our customer services, expanding cooperation with more crossover market retailers and conducting effective marketing and promotion programmes. We will continue to sponsor selected video or television shows, movie award ceremonies and sports events, during which the participating actors, actresses, athletes and celebrities will wear and promote our specially designed jewellery products. We believe that such sponsorship will significantly enhance our brand recognition and our product popularity. We also believe that diversification of customer base would allow us to achieve steady growth in the foreseeable future, and we will continue to enhance our brand recognition among different customer groups.

We will continue to recruit, foster and retain talents.

Recruiting, fostering and retaining talented employees, including management, sales and marketing, product development and information technology personnel, is critical to our business success and reputation. We intend to recruit talents from a wide range of sources and to provide our employees with tailored training programmes, such as specific trainings on jewellery craftsmanship and business etiquettes that are important for promoting our jewellery products. In addition, we seek to retain our talented employees by aligning their compensation with their performance and by providing them with a clear career path with opportunities for additional responsibilities and promotions. We will continue to foster our employees' ownership mentality and strengthen their long-term commitments through our corporate culture, specialised training and allocation of responsibilities to maximise their potential.

OUR BUSINESS MODEL

Our Integrated Online and Offline Jewellery Retail Structure

We design and sell jewellery products, including gold products, silver products, and gem-set and other jewellery products, in China. We operate our online sales channels and offline sales and service network under our New Jewellery Retail Model. See the section headed "— Our Integrated Online and Offline Jewellery Retail Structure" for more information.

Our Platform Brand and Diversified Product Offerings

We sell a wide selection of authentic and quality jewellery products through our platform brand of 金貓銀貓CSmall. Our self-branded jewellery products are designed by our product development team and to a lesser extent, external designers. During the Track Record Period, we outsourced the manufacturing of our certain self-branded jewellery products to OEM contractors, and we also sourced self-branded and third-party branded jewellery products from independent third-party jewellery suppliers. See the section headed "— Our Brands and Products" for more information.

Our Extensive Customer Reach

We sell our jewellery products to a broad range of customers through a combination of B2C, B2B2C and B2B sales models. In terms of our online sales channels, our self-operated online platform has both B2C and B2B customers while our television and video shopping channels belong to our B2B2C sales model and our third-party online marketplaces have both B2C and B2B customers. In terms of offline sales and service network, our self-operated CSmall Shops and jointly operated CSmall Shops mainly have B2C customers, and we sell our products at our Shenzhen Exhibition Hall to customers primarily on a wholesale basis and our franchised CSmall Shops, third-party offline points of sale and CSmall Gift initiatives belong to our B2B2C sales model.

Our integrated online and offline jewellery retail structure is well adapted to B2C and B2B2C sales models because such structure helps us reach end user customer of our jewellery products and enhance customer loyalty and repeated purchases or visits at our self-operated online platform or CSmall Shops. Our B2C customers are primarily our end customers of our direct sales through our self-operated online platform, our self-operated CSmall Shops, jointly operated CSmall Shops and third-party online marketplaces. Under our typical B2B2C model, we sell our CSmall branded jewellery products to end user customers through (i) television and video shopping channels and commercial banks and (ii) our franchisees which operate our franchised CSmall Shops. We consider the television and video shopping channels, commercial banks and our franchisees as an extension and a part of our retail sales channel because our products sold through these channels carry our brands and we also reach certain arrangements with these customers on the sales and marketing of our products and the customer services to be provided to end user customers, which promote our brand name and market recognition. We devote substantial sales and marketing efforts under the B2B2C model.

Our B2B customers on our self-operated online platform are customers whom we identify by their registered corporate names and who make purchases on such platform. We generally do not enquire how such customers intend to or actually used the products purchased from us, nor do we impose any requirements on such B2B customers such as arrangements on sales and marketing on further on-selling. Our sales and marketing efforts in respect of these B2B customers are minimal as they purchase from our self-operated online platform and accordingly, we focused more on offering competitive prices and further price discounts depending on their purchase amounts. Our such B2B customers acquired gold bars primarily from our self-operated online platform in 2016 and the ten months ended 31 October 2017 in terms of sales revenue.

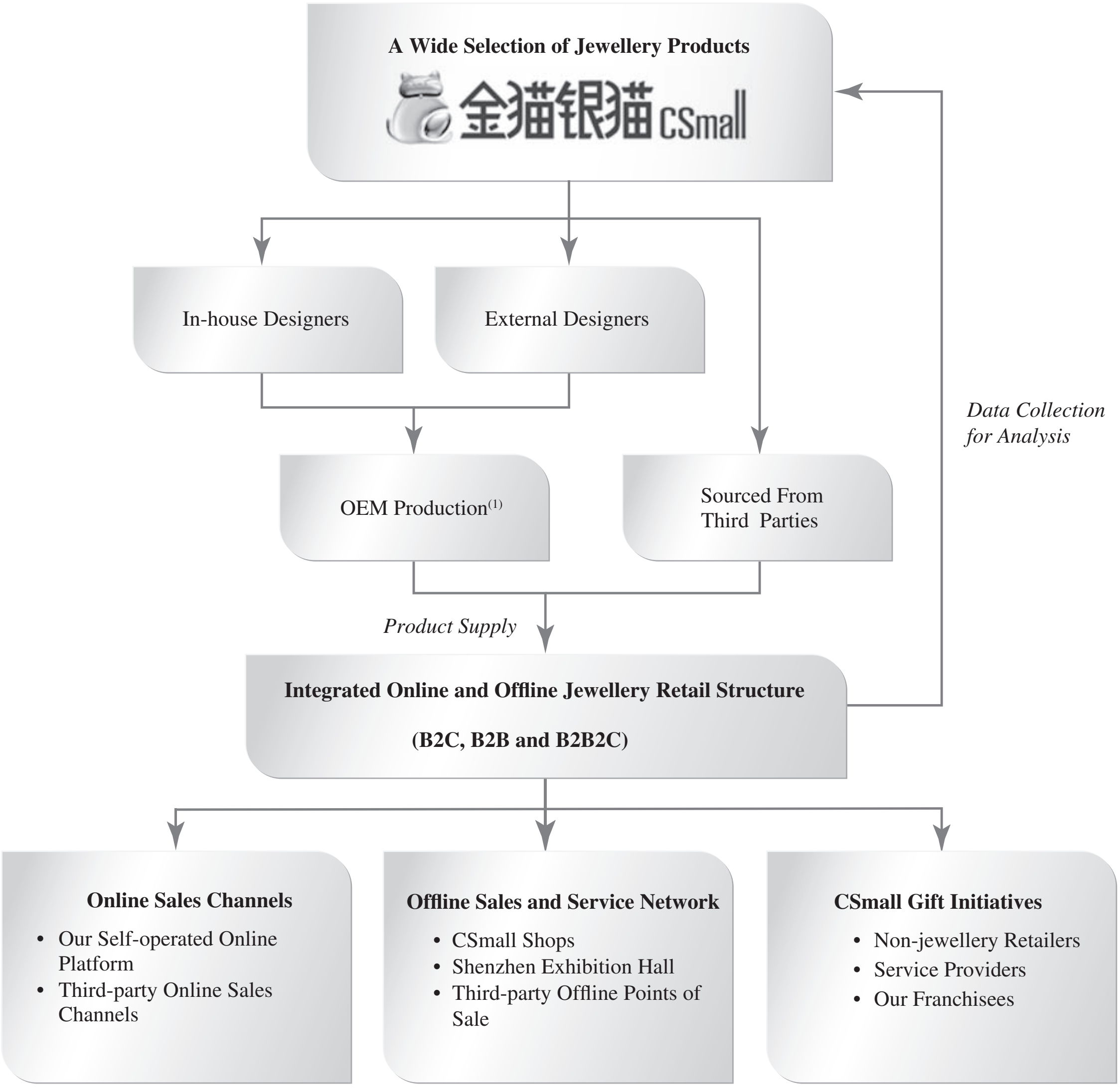
Our Shenzhen Exhibition Hall serves to showcase the product designs of our self-owned brands and certain third-party brands, and also serves as an interactive exhibition and sales platform through which we sell jewellery products to customers primarily on a wholesale basis. Nonetheless, unlike television and video shopping channels, commercial banks and our franchisees, we do not reach any arrangement with these customers on the sales and marketing of our products, and therefore, we do not rely on or expect such customers to promote our brand name and market recognition.

As an extension to our B2B2C sales model, we develop and implement our CSmall Gift initiatives. Our main targeted CSmall Gift partners include department stores, branded retailers, entertainment service providers, commercial banks, telecommunications service providers, airlines and insurance companies. In general, we provide our jewellery products and CSmall Gift credits to our CSmall Gift partners which our CSmall Gift partners would then allow their customers to redeem as gifts for an equivalent or discounted dollar amount of goods or services that their customers purchased from them. Their customers can redeem our jewellery products designated for our CSmall Gift initiatives through our self-operated online platform with their CSmall Gift credits. Our CSmall Gift partner generally make payment for the jewellery products and CSmall Gift credits we sold to them upon delivery or on a monthly basis. See the section headed "— Our CSmall Gift Initiatives" for more information.

Utilisation of Data Analytics

From our existing customer base and our crossover marketing initiatives, we have access to extensive data on customer demographics and consumer behaviour. We analyse such data to understand customer needs and preferences and apply them in our targeted sales and marketing initiatives, our product designs and development and our other business operations. See the section headed "— Utilisation of Data Analytics" for more information.

The following diagram illustrates our business model:



Note:

(1) We plan to start our inhouse production in Jiangxi Jinyin for processing certain silver bars and limited categories of other silver jewellery products in March 2018. See the section headed "— Our Brands and Products — Our Planned In-house Production" for more information.

OUR INTEGRATED ONLINE AND OFFLINE JEWELLERY RETAIL STRUCTURE

Overview

Our integrated online and offline jewellery retail structure provides our customers with easy access to a wide spectrum of multi-tier and multi-brand jewellery products anytime, anywhere. During the Track Record Period, we expanded our online presence and our offline geographic coverage by growing the number of our online sales channels and offline points of sale. Such expansion effectively extended our customer reach and increased our market penetration to capture the growing market demand, which contributed to the significant growth of our revenue and profit. The following table sets out a breakdown of the number of our online sales channels, our offline sales and service network and our CSmall Gift partners as of the dates indicated:

	As of 31 December			As of 31 October
	2014	**2015**	**2016**	**2017**
Online sales channels				
Self-operated online platform [1]	1	1	1	1
Third-party online sales channels [2]	9	20	30	31
Subtotal	10	21	31	32
Offline sales and service network				
CSmall Shops	47	101	113	115
of which:				
- Self-operated CSmall Shops	1	3	3	7
- Jointly operated CSmall Shops	—	1	9	4
- Franchised CSmall Shops	46	97	101	104
Shenzhen Exhibition Hall	1	1	1	1
Third-party offline points of sale [3]	—	2	2	2
Subtotal	48	104	116	118
CSmall Gift partners	—	—	1	28

Notes:

(1) Our self-operated online platform consists of our Internet website, mobile website and our mobile App.

(2) Third-party online sales channels primarily include (i) television and video shopping channels and (ii) third-party online marketplaces. In addition, in 2014, 2015, 2016 and the ten months ended 31 October 2017, we provided our jewellery products to one, two, two and two commercial bank(s), respectively, for their online merchandise redemption platforms and their customers can redeem our products as gifts under their relevant customer reward programmes. The revenue from the sales to such banks accounted for less than 0.5% of our total revenue in each of 2014, 2015, 2016 and the ten months ended 31 October 2017, and is classified as part of our revenue from third-party online sales channels. The number of our third-party online sales channels as of the dates indicated represents those from whom we had generated revenue for the relevant year or period.

(3) Third-party offline points of sale are certain commercial banks we cooperated with. The number of our third-party offline points of sale as of the dates indicated represents those from whom we had generated revenue for the relevant year or period.

The following table sets out a breakdown of our revenue (by product category) from our (i) online sales channels, (ii) offline sales and service network and (iii) CSmall Gift initiatives for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(in thousands of RMB, except percentages)									
Online Sales Channels										
Self-operated online platform	**711**	**0.2%**	**198,525**	**23.8%**	**1,826,708**	**74.1%**	**1,313,139**	**72.2%**	**2,216,333**	**70.3%**
Gold products	2	0.0%	157,403	18.8%	1,736,854	70.5%	1,244,437	68.4%	2,063,281	65.4%
Silver products	612	0.2%	27,149	3.3%	74,153	3.0%	56,849	3.1%	122,067	3.9%
Gem-set and other jewellery products	97	0.0%	13,973	1.7%	15,700	0.6%	11,854	0.7%	30,985	1.0%
Third-party online sales channels	**47,227**	**16.2%**	**147,286**	**17.6%**	**123,820**	**5.0%**	**104,184**	**5.7%**	**174,750**	**5.5%**
Gold products	17,129	5.9%	59,487	7.1%	49,802	2.0%	44,963	2.5%	59,912	1.9%
Silver products	29,988	10.3%	87,248	10.4%	73,359	3.0%	58,880	3.2%	114,235	3.6%
Gem-set and other jewellery products	110	0.0%	551	0.1%	659	0.0%	341	0.0%	603	0.0%
Subtotal	**47,938**	**16.5%**	**345,811**	**41.4%**	**1,950,528**	**79.1%**	**1,417,323**	**77.9%**	**2,391,083**	**75.8%**
Offline Sales and Service Network										
CSmall Shops	**82,950**	**28.5%**	**369,089**	**44.2%**	**384,609**	**15.6%**	**310,778**	**17.1%**	**519,822**	**16.5%**
Gold products	12,128	4.2%	203,995	24.4%	147,075	6.0%	101,667	5.6%	266,807	8.5%
Silver products	70,178	24.1%	159,047	19.0%	230,449	9.3%	202,765	11.1%	135,175	4.3%
Gem-set and other jewellery products	644	0.2%	6,046	0.7%	7,086	0.3%	6,346	0.4%	117,840	3.7%
Shenzhen Exhibition Hall	**160,330**	**55.1%**	**116,775**	**14.0%**	**122,887**	**5.0%**	**86,738**	**4.8%**	**228,273**	**7.2%**
Gold products	27,490	9.4%	748	0.1%	1,100	0.0%	839	0.1%	156,938	5.0%
Silver products	127,705	43.9%	115,759	13.9%	120,104	4.9%	84,525	4.6%	49,795	1.6%
Gem-set and other jewellery products	5,136	1.8%	268	0.0%	1,683	0.1%	1,374	0.2%	21,540	0.6%
Third-party offline points of sale	**—**	**—**	**3,671**	**0.4%**	**6,740**	**0.3%**	**4,850**	**0.2%**	**5,860**	**0.2%**
Gold products	—	—	—	—	1,633	0.1%	658	0.0%	3,667	0.1%
Silver products	—	—	3,655	0.4%	4,989	0.2%	4,098	0.2%	1,903	0.1%
Gem-set and other jewellery products	—	—	16	0.0%	118	0.0%	94	0.0%	290	0.0%
Subtotal	**243,280**	**83.5%**	**489,534**	**58.6%**	**514,236**	**20.9%**	**402,366**	**22.1%**	**753,955**	**23.9%**
CSmall Gift Initiatives [(1)]	—	—	—	—	527	0.0%	—	—	9,383	0.3%
Gold products	—	—	—	—	31	0.0%	—	—	—	—
Silver products	—	—	—	—	249	0.0%	—	—	169	0.0%
Gem-set and other jewellery products	—	—	—	—	247	0.0%	—	—	9,214	0.3%
Total	**291,218**	**100%**	**835,345**	**100%**	**2,465,291**	**100%**	**1,819,689**	**100.0%**	**3,154,421**	**100.0%**

Note:

(1) We launched our CSmall Gift Initiatives in September 2016.

During the Track Record Period, we significantly increased our revenue and profit through expanding and enhancing our integrated online and offline jewellery retail structure. Our total revenue was RMB291.2 million, RMB835.3 million, RMB2,465.3 million, RMB1,819.7 million and RMB3,154.4 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 191.0% from 2014 to 2016, and our Listing Segment Net Profit was RMB9.7 million, RMB21.5 million, RMB48.1 million, RMB47.9 million and RMB67.6 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 122.7% from 2014 to 2016.

The significant increase in our revenue was primarily driven by the increased sales of our gold products, which was mainly attributable to our online sales and marketing strategies involving promotional sales of gold bars at competitive prices. Revenue from sales of gold products accounted for 19.5%, 50.5%, 78.6%, 76.5% and 80.9% of our total revenue in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, of which the revenue from sales of gold bars accounted for 9.2%, 41.3%, 73.2%, 73.9% and 66.9% of our revenue in the relevant periods. Gold products generally have greater monetary value due to the high unit price of gold by weight compared to silver, karat gold and certain other raw materials for jewellery products. The weight of gold in our gold products generally ranges from 0.2 gram to 1,673 grams and the selling price (tax inclusive) of our gold products (per piece) generally ranges from RMB52 to RMB567,069. As such, the increased sales volume of our gold products significantly contributed to the growth of our revenue. See the section headed "Financial Information — Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue by Product Category" in this prospectus for more information on the breakdown and analysis of the revenue contribution of our gold products. In addition, we also substantially benefit from the growing customer demand for gold products, in particular gold bars, in the PRC, primarily due to their appealing investment value and the long-standing cultural perception of gold as a symbol of wealth held by the general public. We also believe our increasing marketing recognition, our quality assurance for authenticity of our jewellery products and secure delivery contributed to the customer traffic to our self-operated online platform, thereby increasing purchases of our various types of jewellery products, including gold products.

The respective sales volume and revenue of our gold, silver, gem-set and other jewellery products sold through our various sales channels and their changes in different periods were substantially affected by our targeted marketing and promotional initiatives in light of the changing customer preferences and market demand. The increased revenue from our offline sales and service network during the Track Record Period in general (except in 2016) was also primarily due to the increased sales of gold products through the expansion of our CSmall Shops, in particular, the franchised CSmall Shops, and partly due to the increasing market recognition of our brands and products. The decrease in our sales revenue from gold products sold through our CSmall Shops in 2016 was primarily due to the reduced sales of gold bars through our franchised CSmall Shops as a result of our strategy to offer gold bars at competitive prices on our self-operated online platform. The increased revenue from our offline sales and service network in 2016 was primarily due to the increased sales of our silver products through our franchised CSmall Shops and the increase in our revenue from our various kinds of gold products (including wearable gold jewellery and gold bars) and gem-set jewellery products sold through Shenzhen Exhibition Hall. See the sections headed "Financial Information — Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue by Distribution Channel" and "Financial Information — Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Total Sales Amount by Volume and Average Selling Prices" in this prospectus for more information.

Our revenue from the sales of our jewellery products through our online sales channels was RMB47.9 million, RMB345.8 million, RMB1,950.5 million, RMB1,417.3 million and RMB2,391.1 million for 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 537.9% from 2014 to 2016, and accounted for approximately 16.5%, 41.4%, 79.1%, 77.9% and 75.8%, respectively, of our total revenue during the same periods. The revenue from the sales of jewellery products through our offline sales and service network was RMB243.3

million, RMB489.5 million, RMB514.2 million, RMB402.4 million and RMB754.0 million for 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 45.5% from 2014 to 2016, and accounted for approximately 83.5%, 58.6%, 20.9%, 22.1% and 23.9%, respectively, of our total revenue during the same periods.

The following table sets out a breakdown of our gross profit and gross profit margin (by product category) from our online sales channels and offline sales, service network and CSmall Gift Initiatives for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)
	(in thousands of RMB, except percentages)									
Online Sales Channels										
Self-operated online platform	**174**	**24.5%**	**9,573**	**4.8%**	**47,909**	**2.6%**	**36,555**	**2.8%**	**67,194**	**3.0%**
Gold products	0	0	3,451	2.2%	15,171	0.9%	13,956	1.1%	19,587	1.0%
Silver products	96	15.7%	4,448	16.4%	26,525	35.8%	18,017	31.7%	41,641	34.1%
Gem-set and other jewellery products	78	80.4%	1,674	12.0%	6,213	39.6%	4,582	38.7%	5,966	19.3%
Third-party online sales channels (1)	**4,534**	**9.6%**	**13,455**	**9.1%**	**18,402**	**14.9%**	**15,187**	**14.6%**	**20,893**	**12.0%**
Gold products	(326)	N/A	1,966	3.3%	2,685	5.4%	2,794	6.2%	1,004	1.7%
Silver products	4,823	16.1%	11,313	13.0%	15,724	21.4%	12,436	21.1%	19,781	17.3%
Gem-set and other jewellery products	37	33.6%	176	31.9%	(7)	N/A	(43)	N/A	108	18.0%
Subtotal	**4,708**	**9.8%**	**23,028**	**6.7%**	**66,311**	**3.4%**	**51,742**	**3.7%**	**88,087**	**3.7%**
Offline Sales and Service Network										
CSmall Shops	**24,242**	**29.2%**	**44,393**	**12.0%**	**56,886**	**14.8%**	**51,478**	**16.6%**	**69,941**	**13.5%**
Gold products	(316)	N/A	7,145	3.5%	11,506	7.8%	11,085	10.9%	18,972	7.1%
Silver products	24,256	34.6%	32,342	20.3%	42,758	18.6%	38,411	18.9%	31,816	23.5%
Gem-set and other jewellery products	302	46.9%	4,906	81.1%	2,622	37.0%	1,982	31.2%	19,154	16.3%
Shenzhen Exhibition Hall	**42,860**	**26.7%**	**30,365**	**26.0%**	**24,222**	**19.7%**	**15,899**	**18.3%**	**23,277**	**10.2%**
Gold products	(790)	N/A	81	10.8%	155	14.1%	126	15.0%	6,459	4.1%
Silver products	43,614	34.2%	30,155	26.1%	23,507	19.6%	15,023	17.8%	12,885	25.9%
Gem-set and other jewellery products	36	0.7%	129	48.1%	560	33.3%	750	54.6%	3,933	18.3%
Third-party offline points of sale (2)	**—**	**—**	**1,693**	**46.1%**	**1,964**	**29.1%**	**1,625**	**33.5%**	**980**	**16.7%**
Gold products	—	—	—	—	207	12.7%	140	21.3%	120	3.3%
Silver products	—	—	1,677	45.9%	1,703	34.1%	1,439	35.1%	715	37.6%
Gem-set and other jewellery products	—	—	16	100.0%	54	45.9%	46	48.7%	145	49.9%
Subtotal	**67,102**	**27.6%**	**76,451**	**15.6%**	**83,072**	**16.2%**	**69,001**	**17.1%**	**94,198**	**12.5%**
CSmall Gift Initiatives (3)	—	—	—	—	132	25.0%	—	—	2,972	31.7%
Gold products	—	—	—	—	5	16.1%	—	—	—	—
Silver products	—	—	—	—	70	28.1%	—	—	53	31.4%
Gem-set and other jewellery products	—	—	—	—	57	23.1%	—	—	2,919	31.7%
Total	71,810	24.7%	99,479	11.9%	149,515	6.1%	120,744	6.6%	185,257	5.9%

Notes:

(1) Third-party online sales channels primarily include (i) television and video shopping channels and (ii) third-party online marketplaces. In addition, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, we provided our jewellery products to one, two, two, two and two commercial bank(s), respectively, for their online merchandise redemption platforms and their customers can redeem our products as gifts under their relevant customer reward programmes. The revenue from the sales to such banks accounted for less than 0.5% of our total revenue in each of 2014, 2015 and 2016 and the ten months ended 31 October 2017, and is classified as part of our revenue from third-party online sales channels.

(2) Third-party offline points of sale are primarily commercial banks.

(3) We launched our CSmall Gift Initiatives in September 2016.

The growth of our profit during the Track Record Period was primarily attributable to the sales of our silver products due to their higher gross profit margins and to a lesser extent gold products due to their large sales volumes. In 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, the gross profit of our silver products was RMB72.8 million, RMB79.9 million, RMB110.3 million, RMB85.3 million and RMB106.9 million, respectively, and the gross profit/(loss) of our gold products was (RMB1.4 million), RMB12.6 million, RMB29.7 million, RMB28.1 million and RMB46.1 million, respectively.

The general increase in the sales of our silver products and their relatively higher gross profit margins ranging from 20.3% to 31.9% significantly contributed to the growth of our gross profit during the Track Record Period. We offer a wide range of silver products, including wearable silver jewellery, silverwares, silver bars and silver statues, and such diversified product offerings help to achieve a relatively stable and higher overall gross profit margin. Moreover, assuming the same level of casting work, silver products usually command a higher gross profit margin than gold products, which also partly contributed to our higher gross profit margins for silver products.

The increased sales of our gold products with relatively lower gross profit margins also partly contributed to the growth of our gross profit during the Track Record Period as a result of their larger sales volume. In order to expand our customer base and capture the unmet market demand to grow our business, we adopt competitive pricing policy for gold bars, by charging less profit margins on top of our costs. In terms of managing the risk of raw material gold price fluctuation, we procure a majority of gold (both in the forms of raw materials and finished goods) on a real-time basis from our suppliers as we receive purchase orders for the same from our customers. We will price our gold and silver bar products based on the then prevailing market rates with price mark-up which may vary from time to time depending on our then marketing and promotion focus and the volume of purchases that the customer is seeking to procure. We would generally ensure that such mark-up would allow us to enjoy a reasonable profit margin. This system of real-time procurement limits our exposure to any material fluctuations in gold and silver prices. As a result, we maintained a positive gross profit margin for our gold products in 2015, 2016 and the ten months ended 31 October 2017. See the sections headed "— Suppliers and Procurement — Our Raw Material Suppliers" for more information on our procurement policy and "Financial Information — Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin" for more information.

We review and refine our sales and marketing strategies and focus for our jewellery products from time to time. The Group's sales of gold bars in 2015, 2016 and the ten months ended 31 October 2017 experienced significant growth and achieved positive outcome in the form of (i) increased customer traffic, (ii) increased revenue and profit in absolute amounts, and (iii) promoting the CSmall brand. In particular, the promotional sales of gold bars increased our customer traffic. In 2014, 2015 and 2016 and the ten months ended 31 October 2017, the number of registered users who made purchases on our self-operated online platform was 318, 37,548, 133,073 and 230,957, respectively. Specifically, in order to purchase our gold bars on our self-operated online platform, customers need to register online and provide contact information such as mobile phone numbers, through which we can further develop marketing relationships with such customers. In addition, given the convenience of browsing through our self-operated online platform, customers who purchased gold bars from our self-operated online platform also have access to our wide range of other products on such platform as well as information about our brand, our CSmall Shops, thereby further promoting our brand and sales network. Successful efforts in 2016, in particular, in our promotional sales of gold bars, have (a) demonstrated that our procurement, inventory and logistic systems are able to manage such high sales volume of gold products to meet the high demand for gold in China; and (b) enhanced our reputation for the quality of our products, which we believe has helped attracted quality customers in 2017. For example, during the first ten months of 2017, a PRC state-owned enterprise that is our largest customer in this period, a few jewellery companies and certain individuals purchased customised or CSmall branded gold bars from our self-operated online platform.

We believe that our sales of gold bars at competitive prices in the near future will continue to create value for our Group in the aforementioned aspects, but we will do so in conjunction with other strategies such as diversifying product mix and promoting jewellery products with higher profit margins and promoting the CSmall Gift initiatives to reduce the impact of gold bars on our overall profit margin. With respect to our sale of gold products, we are exploring the continuation of the new relationships built with the jewellery companies and individual customers during the ten months ended 31 October 2017 and we will continue to conduct limited promotional sales of gold bars but with refined strategies to target small purchase volume customers (for examples, flash sales of gold bars but limiting the volume that a registered user may order). Accordingly, in the near future, we expect our gross profit margin and net profit margin to remain relatively low. See the sections headed "Financial Information — Significant Factors Affecting Our Results of Operations — Our Product Pricing" and "Financial Information — Significant Factors Affecting Our Results of Operations — Our Product Portfolio" in this prospectus for more information.

Our Online Sales Channels

We maintain our online presence primarily through our self-operated online platform, comprising our Internet website, our mobile website and our mobile App. We supplement our self-operated online platform with our third-party online sales channels, primarily including television and video shopping channels and third-party online marketplaces.

We have a dedicated team responsible for the strategic planning and daily operations of our self-operated online platform. We have formulated policies and guidelines for various aspects of our self-operated online sales, including standardised operating procedures, warehousing and staff training. In addition, we regularly communicate with our third-party online sales channels to keep pace with industry trends and to offer products that better address our end customers' evolving needs and preferences.

Our Self-operated Online Platform

We launched our Internet website, **www.csmall.cn** in January 2014, and later changed it to **www.csmall.com**. Our Internet website went into full operation for e-commerce business in October 2014, before which it was primarily used to display our jewellery products for online viewers without direct online sales functions. We strive to improve the user-friendliness and functionality of our Internet website on an ongoing basis. To enhance the accessibility for our customers and further extend our customer reach, we launched our mobile website, **m.csmall.com**, and mobile App of 金貓銀貓CSmall in June 2015 and September 2015, respectively.

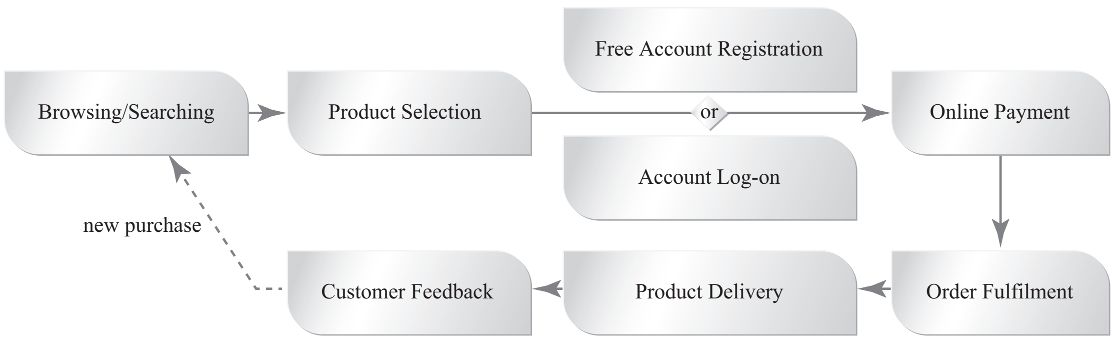
Our self-operated online platform experienced rapid growth in the user traffic during the Track Record Period. The number of PV, UV and IP of our self-operated online platform were approximately 378.77 million, 125.88 million and 93.15 million, respectively, in 2016, and were 704.37 million, 136.54 million and 76.88 million, respectively, in the ten months ended 31 October 2017. The number of the registered user accounts of our self-operated online platform reached approximately 7.03 million as of 31 October 2017. The following table sets out the user information of our self-operated online platform for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October
Information of Customer Traffic	**2014**	**2015**	**2016**	**2017**
		(million)		
PV	0.33	104.12	378.77	704.37
UV	0.12	56.67	125.88	136.54
IP	0.06	36.92	93.15	76.88

Information of Registered Users	As of 31 December			As of 31 October
	2014	2015	2016	2017
	(million)			
Number of Registered User Accounts	0.01	1.69	4.28	7.03

We strive to provide our customers with convenient shopping experience on our self-operated online platform. Customers can directly search for products on our websites and mobile App, and simply click on a button to add a selected item into the virtual shopping cart. To purchase our products online, a first-time customer will need to register as our member, which is free. Once a customer becomes our member and has a registered account, he or she can check out and make online payments accordingly. We offer our customers a variety of online payments options, including WeChat Pay, Alipay, Union Pay and All In Pay. We also offer payment-on-delivery to our customers for certain online purchases. Our registered customers can easily access their preferred checkout options (including payment options and delivery addresses) after logging onto their accounts, which provides greater convenience for our customers and encourages repeated purchases. Other than customers who choose the payment-on-delivery option, we commence our order fulfilment process after verifying full payment on the orders placed by our customers. For the gold bars and silver bars we offer on our self-operated online platform, we will generally price them based on the then prevailing market rates with reasonable price mark-ups which may vary from time to time based on our pricing strategy, marketing and promotion strategies at the time, having regard to changing market conditions. To ensure that we offer competitive selling prices and mitigate our exposure to any material fluctuations in gold and silver prices, we generally procure gold and silver on a real-time basis from precious metal exchanges or other suppliers as we receive purchase orders for gold bars and silvers from our customers on our self-operated online platform. We engage reputable delivery companies with national coverage to ensure reliable and timely delivery of our products and we bear the cost of delivery. We encourage our customers to provide product reviews on our websites by granting them membership reward points and foster an interactive user community. These customer reviews not only help us to collect customer feedback for improving our product offerings and services, but also form a solid basis for other customers to make an informed decision for online purchase.

The following diagram illustrates the general process of purchases by our online customers:



Our self-operated online platform features detailed product descriptions, multi-angle picture illustrations of products, product measurement and maintenance information and consumer reviews, which assist our customers in product selection and improve their shopping experience. Our self-operated online platform also offers user-friendly search functionality that allows our customers to quickly find the products that meet their needs from our broad selection of jewellery products. For example, our customers can search for jewellery products by, among others, key words, raw materials, form of jewellery and product brands.

We believe that the authenticity of jewellery products is critical to our customers when they make online purchases. We provide our customers with authentication certificates issued by jewellery quality inspection centres that are approved by AQSIQ, such as National Gold and Silver Products Testing Centre (國家金銀製品品質監督檢驗中心) and National Centre of Analysis and Testing for Nonferrous Metals (國家有色金屬品質監督檢驗中心). We guarantee our customers that we will pay a penalty of up to ten times the purchase price for our products if they are certified to be defective or inauthentic by an AQSIQ-approved testing centre. We maintain quality assurance insurance from China Taiping Insurance for all of our jewellery products sold through our self-operated online platform. See the section headed "— Insurance" for more information.

To improve our online user experience and increase our user traffic, we hold targeted online sales events to increase customer retention and to enhance cross-selling opportunities of our online sales channels and offline sales and service network. We also send promotional offers to our online users using mobile push notifications. By analysing our customers' transactions and browsing histories on our online sales platforms and utilising data collected through our self-operated online platform and our offline sales and network, we are able to provide a customised online shopping experience in areas such as product designs and development, marketing and brand-building, pricing strategies and promotional activities. See the section headed "— Utilisation of Data Analytics" for more information.

Third-Party Online Sales Channels

To further expand our customer reach and enhance our brand awareness, we also sell our jewellery products through (i) television and video shopping channels such as Shanghai Oriental CJ Shopping (上海東方電視購物), Happigo (快樂購物), CCTV Home Shopping (中視購物) and CNR Mall (央廣幸福購物), and (ii) third-party online marketplaces, namely, Tmall (天貓), JD.com (京東), Yihaodian (1號店), Suning (蘇寧), Gome (國美), Jumei (聚美優品), and China Everbright Bank Mall (光大銀行購精彩). We adopt the same product assurance and return policies for our jewellery products sold through these third-party online sales channels as those sold through our self-operated online platform.

Arrangements with Television and Video Shopping Channels

We sold our jewellery products through five (comprising one national television programme operator and four local television programme operators), twelve (comprising five national television programme operators and seven local television programme operators), 20 (comprising six national television programme operators and 14 local television programme operators) and 23 (comprising ten national television programme operators and 13 local television programme operators) television and video shopping channels in 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively. The primary target customers of the television and video shopping channels we cooperated with are mainly female customers across various age groups, who are also the key target customer base of our jewellery products. In 2014, 2015, 2016 and the ten months ended 31 October 2017, the total show time of our products on such channels amounted to approximately 6,000 minutes, 25,000 minutes, 27,000 minutes and 14,200 minutes, respectively. In 2014, 2015, 2016 and the ten months ended 31 October 2017, we sold our products to such television and video shopping channels at an average selling price per piece (tax inclusive) of approximately RMB3,343, RMB2,551, RMB523 and RMB2,207, respectively, primarily depending on the different product offerings and promotional discounts we provided to such channels during the relevant periods. Under our cooperation with television and video shopping channels, television and video shopping channels will broadcast promotional videos of our jewellery products on television channels and also upload them onto their e-commerce platforms, such as their Internet and mobile websites. Customers can place orders for jewellery products promoted in the videos by making telephone calls or making online purchases via the e-commerce platforms of the television and video shopping channels. We believe that e-commerce platforms of television and video shopping channels are very appealing to certain customers as they are given oral introduction by hosts and see the jewellery products on real persons in the videos.

We entered into written agreements with television and video shopping channels based on their standardised forms which usually contain the following key terms:

- *Duration*: Generally one year, renewable upon mutual agreement.

- *Service fees*: We generally pay television and video shopping companies service fees for producing and broadcasting promotional videos of our jewellery products and other marketing efforts. Such service fees are generally in the form of (i) a fixed amount or (ii) in an amount calculated as a certain percentage of either our sales revenue generated through, or the actual sales amount of our products by, the relevant television and video shopping channel.

- *Quality assurance:* All jewellery products we supply for sales through television and video shopping channels shall be certified by qualified jewellery quality inspection centres as evidenced by the authentication certificates issued by such centres.

- *Credit and payment terms:* Our sales to television and video shopping channels are generally settled in RMB on a monthly basis. Certain settlements are paid in instalments within two months.

- *Termination:* The agreement may be terminated by mutual agreement or by either party upon the occurrence of certain specified events.

Our revenue from the sales through television and video shopping channels was RMB39.2 million, RMB131.3 million, RMB111.1 million, RMB92.8 million and RMB169.1 million for 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, accounting for approximately 13.5%, 15.7%, 4.5%, 5.1% and 5.4%, respectively, of our total revenue during the same periods. The service fees we paid to television and video shopping channels were RMB0.1 million, RMB0.4 million, RMB0.5 million and RMB4.8 million for 2014, 2015 and 2016 and the ten months ended 31 October 2017, respectively. We believe that, by cooperating with television and video shopping channels, we not only achieved satisfactory sales performance but also expanded our customer reach and enhanced our brand awareness among a broad range of television and video shopping channel viewers.

Arrangements with Third-party Online Marketplace Operators and Certain Commercial Banks

We operate our flagship stores or storefronts on certain third-party online marketplaces on which we directly distribute our jewellery products to end customers. We sold our jewellery products through three, six, eight and eight third-party online marketplaces in 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively. The role of such third-party online marketplace platforms is mainly to enhance our brand exposure and to a lesser extent, to supplement our sales.

We enter into service agreements with the third-party online marketplace platform operators based on their standardised forms, generally with a one-year term and renewable upon mutual agreement. We generally pay online marketplace platform operators service/commission fees in one lump sum or in an amount that is calculated as a certain percentage of our sales revenue for different categories of jewellery products through their online marketplaces. The total service/commission fees we paid to the third-party online marketplaces were approximately RMB1.3 million, RMB2.0 million, RMB0.9 million and RMB0.2 million in 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively. Online customers shall make online payments for their purchases of our jewellery products from our third-party online marketplace platform operators, which will settle the amount, net of the applicable service/commission fees payable by us, generally on a monthly basis. We may terminate such sales agreements with our third-party online marketplace operators by mutual agreement, or by either party by serving a prior written notice for a specified period of time or upon the occurrence of certain specified events.

We have dedicated employees to operate flagship stores or storefronts on these third-party online marketplace platforms. We track product sales through the relevant third-party online marketplace operators' back-end system. Our revenue from the sales through third-party online marketplace platforms was RMB8.0 million, RMB16.0 million, RMB12.7 million, RMB11.3 million and RMB3.9 million for 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, accounting for approximately 2.8%, 1.9%, 0.5%, 0.6% and 0.1%, respectively, of our total revenue during the same periods.

We generally store the inventory for products to be sold on third-party marketplace and sales channels at the Group's warehouse in Shenzhen. We track the sales activity of jewellery products through the third party online marketplace operators' back-end system and adjust inventory level on a daily basis. Upon request by certain third-party online marketplace operators, we deliver jewellery products to such operators' warehouses, in which case, we keep close communication with those operators for maintaining sufficient level of inventory on a weekly basis in addition to monitoring the sales activities through their back-end system.

In addition, in 2014, 2015, 2016 and the ten months ended 31 October 2017, we provided our jewellery products to one, two, two and two commercial bank(s), respectively, for their online merchandise redemption platforms and their customers can redeem our products as gifts under their relevant customer reward programmes. The revenue from the sales to such banks accounted for less than 0.5% of our total revenue in each of 2014, 2015, 2016 and the ten months ended 31 October 2017, and is classified as part of our revenue from third-party online sales channels.

In 2014, 2015, 2016 and the ten months ended 31 October 2017, our revenue from the sales through third-party online marketplace platforms and commercial banks for online redemption was RMB8.0 million, RMB16.0 million, RMB12.7 million and RMB4.0 million, respectively, contributed by 39,160, 50,434, 20,188 and 5,960 transactions with an average spending amount (tax inclusive) per transaction of approximately RMB240, RMB371, RMB736 and RMB947, respectively.

Our Offline Sales and Service Network

As of the Latest Practicable Date, our offline sales and service network comprised (i) our CSmall Shops, (ii) our Shenzhen Exhibition Hall, and (iii) third-party offline points of sale, being certain commercial banks that we cooperated with.

Our CSmall Shops

At our CSmall Shops, we provide on-the-ground sales and services to our customers, including jewellery fitting and maintenance services which are essential in the jewellery shopping experience. To enhance our customers' shopping experience, our online customers may request offline fitting services through our online customer service system for certain selected jewellery products at our CSmall Shops. Upon receiving such customers' requests, we will coordinate with a CSmall Shop that is convenient for our customers and arrange fitting services for our customers. If the CSmall Shop does not carry the selected jewellery products, we will arrange delivery of the relevant jewellery products to the CSmall Shop from our centralised warehouse.

As of 31 October 2017, we had 115 CSmall Shops located in 17 provinces and municipalities in China, comprising seven self-operated CSmall Shops, four jointly operated CSmall Shops and 104 franchised CSmall Shops.

In line with our multi-tier and multi-brand product strategy, as of 31 October 2017, 108 of our 115 CSmall Shops which include all of our self-operated and jointly operated CSmall Shops, were multi-brand shops. These CSmall Shops usually carry two to nine brands of our jewellery products, catering to different needs and preferences of customers. We plan to transform our remaining mono-brand CSmall Shops into multi-brand shops by the end of 2018. See the section headed "— Our Competitive Strengths — Our diversified sales and marketing initiatives that are designed to differentiate us from traditional jewellery retailers have substantially contributed to the growth of our business" for more information. We determine the number and choice of brands that our self-operated and jointly operated multi-brand CSmall Shops carry. For our franchised CSmall Shops, we agree with our franchisees the number and choice of brands their CSmall Shops carry having regard to factors including local economic conditions, cultural preferences and market receptiveness of specific categories of jewellery products.

The following map illustrates the geographic footprint of our CSmall Shops as of 31 October 2017:

The following table sets out the number of our CSmall Shops and its changes in the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October
	2014	2015	2016	2017
Self-operated CSmall Shops				
At the beginning of the period	—	1	3	3
Opening of new shops	1	2	—	4
Closure of shops	—	—	—	—
Net increase (decrease) in the number of shops	1	2	—	4
At the end of the period	1	3	3	7
Jointly operated CSmall Shops				
At the beginning of the period	—	—	1	9
Opening of new shops	—	1	8	1
Closure of shops	—	—	—	6
Net increase (decrease) in the number of shops	—	1	8	(5)
At the end of the period	—	1	9	4
Franchised CSmall Shops				
At the beginning of the period	—	46	97	101
Opening of new shops	46	66	47	28
Closure of shops	—	15	43	25
Net increase (decrease) in the number of shops	46	51	4	3
At the end of the period	46	97	101	104
Total	47	101	113	115

The increases in the number of our CSmall Shops during the Track Record Period were mainly due to the addition of new franchised CSmall Shops as we expanded our offline sales and service network in China, partially offset by the gradual retirement of mono-brand CSmall Shops where the relevant franchisees preferred not to transform them into multi-brand CSmall Shop and the termination of certain underperforming jointly operated and franchised CSmall Shops as we continued to optimise our offline sales and service network from 2015.

The following table sets out the revenue generated from our CSmall Shops in the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Self-operated CSmall Shops	1,468	76,624	144,563	99,508	104,190
Jointly operated CSmall Shops	—	9	742	708	219
Franchised CSmall Shops	81,482	292,456	239,304	210,561	415,413
Total	82,950	369,089	384,609	310,777	519,822

The revenue from our self-operated CSmall Shops continued to increase substantially during the Track Record Period, primarily due to the increases in the number of shops and the increased sales volumes of our jewellery products at such shops. The revenue from our jointly operated CSmall Shops increased significantly in 2016 as we opened eight new jointly operated CSmall Shops in 2016. In the second half of 2017, we decided not to renew five of our jointly operated CSmall Shops when the initial concession terms expired as we move to focus on self-operated CSmall Shops which are generally subject to lower concession fee charges compared to those under the jointly operated model. As a result, the revenue of our jointly operated CSmall Shops decreased substantially in 2017 as compared to 2016. The significant increase in our revenue from franchised CSmall shops from 2014 to 2015 was primarily as a result of a substantial net increase in the number of franchised CSmall Shops. Our revenue from franchised CSmall Shops decreased by 18.2% from 2015 to 2016, primarily due to the termination of certain underperforming and mono-brand franchised CSmall Shops and the establishment of fewer new franchised CSmall Shops compared to 2015. Our revenue from franchised CSmall Shops increased significantly to RMB415.4 million in the ten months ended 31 October 2017 compared to RMB210.6 million in the same period of 2016, primarily due to (a) the significant increases in sales of our gold products through certain of our franchised CSmall Shops due to strong market demand, and (b) the expansion of our CSmall Shops through a new multi-brand franchisee, Zhejiang Hengyin, which we developed in 2017 and which, as of 31 October 2017, operated 26 franchised CSmall Shops.

We primarily establish our CSmall Shops in department stores and shopping malls, so that we are able to increase our shop visibility and benefit from the well-established customer traffic, reputation and marketing campaigns of these department stores and shopping malls. Depending on the size and business volume of the relevant CSmall Shop, we generally require at least two staff persons with special training on jewellery products and our service guidelines at each CSmall Shop. As of 31 October 2017, the floor area of our CSmall Shops ranges from approximately three square metres to approximately 200 square metres.

We believe that shop location is critical to the success of our CSmall Shops and brand image. We consider and evaluate the following key factors when selecting locations to open our CSmall Shops:

- market demand for jewellery products and local economic conditions;
- local demographics;
- geographic coverage of the location and available lettable area; and

- customer traffic, financial condition and sustainability of the relevant shopping malls.

Our Self-operated CSmall Shops

As of 31 October 2017, we had seven self-operated CSmall Shops with four in Fuzhou, two in Shenzhen and one in Hangzhou. We entered into concession agreements with shopping malls where such self-operated CSmall Shops are located. The key arrangements under these concession agreements typically include:

- *Duration*: The concession agreements are generally for a two-year term, renewable upon mutual agreement.

- *Concession fee*: We generally pay the department stores or shopping malls concession fees on a monthly basis, which amount is generally the higher of a fixed amount and a prescribed percentage of the monthly revenue generated by our relevant self-operated CSmall Shop.

- *Discounts and other fees*: We are also required to provide a discount generally ranging from 10% to 15% of our retail price to membership card holders of the relevant department stores or shopping malls. We are also required to share a fixed amount or a prescribed percentage of marketing and promotional expenses incurred by the relevant department stores or shopping malls for regular promotional events. We pay utility fees and other applicable fees in a fixed amount or as incurred by the operation of our self-operated CSmall Shops.

- *Collection of sales proceeds*: Sales proceeds from our self-operated stores are collected by the respective department stores or shopping malls. We invoice and collect sales proceeds from each department store or shopping mall on a monthly basis, based on the sales proceeds from end customers less the concession fees and other fees payable by us to the department stores or shopping malls.

- *Termination*: These concession agreements may be terminated by either party upon the occurrence of certain specific events, such as material breach of the counterparty.

In 2014, 2015, 2016 and the ten months ended 31 October 2017, the concession fees we paid to shopping malls accounted for no more than 5% of our sales revenue generated from our self-operated CSmall Shops during the relevant period.

To take advantage of the customer traffic that are expected to be attracted to our CSmall Gift shop, we plan to open one self-operated CSmall Shop next to each CSmall Gift shop. During September and December 2017, we opened three self-operated CSmall Shops next to our first three CSmall Gift shops in Fujian and Zhejiang provinces. We expect to open 29 additional self-operated CSmall shops next to the same number of new CSmall Gift shops by the end of 2018 in major municipalities and cities throughout the PRC. Our targeted municipalities and cities include Beijing, Shanghai, Guangzhou, Shenzhen, Huzhou, Fuzhou, Dalian, Harbin, Tianjin, Qingdao, Jinan, Suzhou, Nanjing, Hangzhou, Ningbo, Wenzhou, Nanchang, Wuhan, Xiamen, Chengdu and Chongqing. The expected investment payback period for our such new self-operated CSmall Shops is approximately 21 months. The estimation of such investment payback period takes into account certain key factors such as (i) the estimated sales revenue from such new CSmall Shops; (ii) the estimated renovation costs ; (iii) the estimated rental costs or commission fees, as the case may be; (iv) the estimated labour costs; and (v) other miscellaneous expenses and costs.

Our Jointly Operated CSmall Shops

We have also established jointly operated CSmall Shops with shopping malls from 2015, through which shopping malls have greater involvement in the on-site operation of our CSmall Shops and are entitled to a higher percentage of concession rates, as compared to the concession arrangements of our self-operated CSmall Shops. We generally manage the jointly operated CSmall Shops in a manner similar to our self-operated CSmall Shops, except that we will also consult the shopping malls when we formulate and implement the detailed operating and marketing plans for the relevant jointly operated CSmall Shops. The staff at the jointly operated CSmall Shops are employees of the shopping malls. The title of the jewellery products at the jointly operated CSmall Shops remains with us until they are sold to end customers. As of 31 October 2017, we had four jointly operated CSmall Shops located in four cities in the PRC.

Our jointly operated CSmall Shops enter into similar concession arrangements with shopping malls that our self-operated CSmall Shops enter into, except that they generally have shorter terms ranging from six months to one year, and generally provide for higher concession rates than those for our self-operated CSmall Shops. We believe the higher commission fee rates generally incentivise the shopping malls to devote more energy and resources to promote the sales and operations of our jointly operated CSmall Shops, as opposed to acting a relatively passive role in traditional concession arrangements. In 2015, 2016 and the ten months ended 31 October 2017, the concession fees we paid to the shopping malls accounted for no more than 49.0% of our sales generated by our jointly operated CSmall Shops during the relevant period.

Our Franchised CSmall Shops

During the Track Record Period, a significant portion of our CSmall Shops were operated under a franchise model. Our franchisees purchase products from us as principals for onward sales to end customers. We recognise revenue from sales of products to these franchisees upon delivery to them. Our franchise arrangements enable us to increase the exposure of our platform brand and our sales without incurring significant investment costs on store expansion associated with self-operated shops. Benefiting from the local expertise of our franchisees, the franchise arrangements help us to effectively expand our geographic coverage in our targeted markets in China.

As of 31 October 2017, we had 104 franchised CSmall Shops located in 17 provinces and municipalities in China. The revenue we generated from our franchisees was RMB81.5 million, RMB292.5 million, RMB239.3 million, RMB210.6 million and RMB415.4 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, accounting for approximately 28.0%, 35.0%, 9.7%, 11.6% and 13.2% of our total revenue for the same periods, respectively.

Our franchisees are primarily consumer goods retailers or proprietary business owners. During the Track Record Period, we had four multi-brand franchisees, comprising Zhejiang Furuihong, Shenzhen Xinguangyi, Shanghai Jitian and Zhejiang Hengyin which operated 58, ten, two and 26 franchised CSmall Shops, respectively, as of 31 October 2017.

During the Track Record Period, to retire certain underperforming franchised shops and gradually reduce the number of our mono-brand franchised shops, we terminated franchise arrangements with mono-brand franchisees for four, 25 and four mono-brand CSmall Shops in 2015, 2016 and the ten months ended 31 October 2017, respectively. In line with multi-tier and multi-brand product strategy, we will continue to phase out our mono-brand franchised shops or transform them into multi-brand franchised CSmall Shops and we expect that all our franchised CSmall Shops will become multi-brand shops by the end of 2018. Our multi-brand franchisees closed eleven, 18 and 21 underperforming multi-brand CSmall Shops after obtaining our approvals in 2015, 2016 and the ten months ended 31 October 2017, respectively. According to the franchise agreements, if any franchised shop is closed, we could negotiate with the relevant franchisees to repurchase the unsold jewellery products made of gold and silver at the then prevailing spot prices as recycled raw materials. During the Track Record Period,we did not repurchase any gold or silver products from our franchisees when they closed their shops, and to the best of our Directors' knowledge, our franchisees conducted promotional sales to clear the remaining stock before they closed their franchised shops. As of the Latest Practicable Date, to the best knowledge of our Group, all of our franchisees were Independent Third Parties of the Group.

The following table sets out the information of our four multi-brand franchisees.

Franchisees	Year of Establishment	Business Relationship Since	Shareholders of the Franchisee	Typical Credit Terms	Primary Business Scope[(1)]
Zhejiang Furuihong	2013	2014	One PRC citizen, who is an Independent Third Party of the Group	30 days[(2)]	Design and distribution of jewellery, precious metal products and collectibles, business consulting, import and export services
Shenzhen Xinguangyi	2011	2015	Two PRC citizens, who are Independent Third Parties of the Group	30 days	Organising cultural events, asset management and equity investments, design and distribution of jewellery, collectibles, souvenirs, stationery, toys and electronic products, and advertising
Shanghai Jitian	2015	2015	One PRC citizen, who is an Independent Third Party of the Group	30 days	Design and distribution of jewellery, precious metal products and collectibles, technology development related to jewellery industry, technology consulting and services, import and export services
Zhejiang Hengyin	2016	2017	One PRC citizen, who is an Independent Third Party of the Group	30 days	Wholesale and distribution of jewellery, gold and silver jewellery, and arts and crafts, design of arts and crafts, economics information consulting services, import and export services

Notes:

(1) The information of the business scope of the franchisees is based on the publicly available information as of 31 October 2017.

(2) In 2015, 2016 and the first quarter of 2017, Zhejiang Furuihong settled certain insignificant amounts with us within an extended credit term of no more than 90 days, which was granted by us on a case-by-case basis.

We select, authorise and manage our franchisees at our headquarter level. We select our franchisees by taking into account of the following key factors:

- industry experience;
- credibility and financial condition;
- management skills of retail stores;
- customer services capabilities;
- branding development capabilities; and
- sales and marketing capabilities.

We have the discretion to determine the location of a franchised CSmall Shop at a specified location. We take into account various key factors, including the economic conditions, demographics, consumer purchasing power and the customer traffic of the proposed location as well as the distribution of CSmall Shops in surrounding areas of a new franchised CSmall Shop. Notwithstanding such discretion, we do take into account our franchisees' intention to establish a new CSmall Shop and their shop opening plan and operation plan. Our designated personnel will work with our franchisees to determine if such plans are feasible, including conducting due diligence and paying onsite visits to verify the information. Our vice president is empowered to approve such plans submitted to us by our franchisees.

We entered into standardised franchise agreements with our multi-brand franchisees and our mono-brand franchisees. The standardised franchise agreements that we adopted during the Track Record Period (as amended and supplemented from time to time) include the following key terms:

Key Terms	**For Multi-brand Franchisees**	**For Mono-brand Franchisees**
Duration	Three years, renewable upon mutual agreement	One year, renewable upon mutual agreement
Exclusivity	Our franchisees shall not sell any products other than our jewellery products at the franchised CSmall Shops.	
Designated sales area	The franchise agreements were silent on the designated sales area of our franchisees, but they provided that we have the right to approve whether a franchisee can establish a franchised CSmall Shop at a specified location and our franchisees shall not relocate their stores without our prior written consent.	
Deposit and initial franchise fees	In practice and under the franchisee agreement, we did not require our franchisees to pay any deposit or initial franchise fee.	
Sales targets	We generally imposed a minimum annual sales target of RMB6 million on our multi-brand franchisees and a minimum annual sales target of RMB15,000 on our mono-brand franchisees during the Track Record Period. We may terminate our franchise agreements with our franchisees if they fail to meet our minimum annual sales target.	
Sales and inventory reporting	Our multi-brand franchisees shall regularly report estimated product demand to us to facilitate our product supply and market research, but they are not required to report their inventory level to us.	Our franchisees shall report their sales information and inventory level to us on a monthly basis.
Retail price management	Our multi-brand franchisees may implement promotional plans for jewellery products after obtaining our prior approval.	In principle, our franchisees shall follow our uniform suggested retail prices for the jewellery products they source from us. Unless with our prior written consent, our mono-brand franchisees shall not provide any discount of more than 20% to their customers.
Product exchange policy	Our franchisees may exchange slow-moving jewellery products made of gold or silver and up to 20% of the sales amount of each batch of gem-set jewellery products, but they are not allowed to exchange discounted products.	Our franchisees may exchange slow-moving jewellery products within three months upon the delivery of the relevant jewellery products to them, but they are not allowed to exchange discounted products.
Product repurchase	If we terminate any franchise agreements with our franchisees, we may negotiate with the relevant franchisee to repurchase their unsold jewellery products made of gold or silver at the then spot prices for gold and silver.	
Credit and payment terms	The franchise agreements generally provide that payment shall be made promptly upon product delivery. In practice, we, at our discretion, may grant credit terms of up to 30 days to our franchisees that have cooperated with us for at least one year, while we generally do not grant any credit term to our newly contracted franchisees. The payments to our franchisees are generally settled in RMB via wire transfers.	
Intellectual property rights	Our franchisees are prohibited from making unauthorised use of our intellectual property or that of the branded companies. Our franchisees may only use our trademarks for the promotion of products they source from us and upon our prior written consent.	
Other primary rights and obligations	In addition to other terms summarised in this table, we have the right to inspect the performance of, and compliance with franchise agreements by, the franchisees. We shall support with our franchisees with their advertising and marketing initiatives, staff training and after-sales services. The franchisees shall not sell any jewellery products to our other offline sales and service network without our prior written approval. Our franchisees shall operate in compliance with applicable laws and regulations.	
Termination	The franchise agreements may be terminated by mutual agreement or either party loses its legal capacity to perform its obligations under the agreements. We may terminate these agreements in case of any material breach by our franchises.	

The aggregate sales amount of slow-moving jewellery products exchanged by our franchisees accounted for approximately 1.31%, 0.22%, 0.58% and 0.03% of our total sales revenue in 2014, 2015 and 2016 and the ten months ended 31 October 2017, respectively. We generally used such slow-moving products exchanged by our franchisees for subsequent re-sale through our other sales channels or as recycled raw materials for processing jewellery products with new designs. We had not repurchased any jewellery products from our franchisees or experienced any product return by the franchisees due to any quality issues during the Track Record Period.

In addition, our new franchise agreements explicitly provide that the establishment of any franchised shop is subject to our approval and we will specify their specific designated sales area accordingly. Other than the provisions in our previous standardised multi-brand franchise agreements as summarised above, our new standardised franchise agreements effective from January 2017 also provide that each of our franchised CSmall Shop shall comply with our further elaborated sales and management guidelines, including to report their inventory level to us on a monthly basis and encourage them to track their sales and inventory information through the installation of an ERP system that connects to our centralised IT systems. As of 31 October 2017, approximately 93% of our franchised CSmall Shops had installed the ERP system connected to our centralised IT system. In addition, our franchisees may only exchange jewellery products made of gold or silver within two months upon our delivery of the relevant jewellery products, and they are generally not allowed to exchange any gem-set jewellery products, customised jewellery products or discounted jewellery products. Our new standardised franchise agreements also provide that our franchisees shall not (i) sell any jewellery products that are not sourced from us in our franchised CSmall Shops, (ii) sell our jewellery products through any other unauthorised points of sale, or (iii) engage in any business (other than engaging in the operation of our franchised CSmall Shops) that competes with the distribution of jewellery products. All of our four multi-brand franchisees entered into the new standardised franchise agreements with us.

During the Track Record Period, certain of our franchisees were not able to strictly comply with certain terms of the franchise agreements at all times. In particular, there were incidents where our franchisees sold our jewellery products at prices below our recommended retail prices or granted greater discounts to end customers then provided for in our pricing policies. There were also incidents that certain of our franchisees sold a small portion of products sourced from other jewellery suppliers. In these circumstances, we proactively worked with our franchisees to address their operating challenges and if we believe that their actions were reasonable in the circumstance and would not give rise to material adverse impact to our business, we would not penalise our franchisees for their deviation from our policies. We will also consider amending or supplementing our arrangements with such franchisee to address such challenges. For example, in our new form of standardised franchise agreements with all of our franchisees for a term of three years commencing from 1 January 2017, we gave our franchisees greater flexibility to determine their retail prices so long as it is within a pre-determined range. However, in the new form of franchise agreement, we explicitly require our franchisees not to sell any other jewellery products that are not sourced from us.

In addition, some of our franchisees did not sell our products through our franchised CSmall Shops which does not strictly comply with the designated sales area provision in the franchise agreement. After discussions with our franchisees, we understand that certain of our franchisees' corporate customers which usually purchase larger volume of jewellery products compared to individual customers, prefer to directly order our products from our franchisees, rather than making orders at franchised CSmall Shops. After assessing the impact of such incidents, our Directors believe that they are generally in line with our and our franchisees' commercial benefits and do not have a material adverse impact on our business and therefore we did not penalise the non-complying franchisees.

In order to enhance our management over our franchisees and prevent recurrence of non-compliances by our franchisees, in addition to our scheduled inspections that are generally conducted on a bi-weekly basis, we also retain a third-party consulting company to conduct unannounced visits to our franchised CSmall Shops to inspect their compliance with our franchise agreements and other operating guidelines. We had not identified any material non-compliance by our franchisees after the Track Record Period and up to the Latest Practicable Date.

Management of Our Franchisees

We strive to maintain a unified image nationwide and provide our end customers with consistent shopping experience across our self-operated, jointly operated and franchised CSmall Shops. Therefore, we impose certain requirements with respect to the store design, storefront presentation, and promotional materials for our franchised CSmall Shops. In addition, we provide regular training on product layout and customer services to the staff of these stores. We support our franchised CSmall Shops with their marketing initiatives.

We monitor the operations of our franchised CSmall Shops, including their sales activities and after-sales services through scheduled and unannounced inspections and face-to-face meetings to verify their compliance with our requirement. We have four designated teams with approximately 18 employees to manage and supervise our franchised CSmall Shops located in Eastern China, Southern China, Western China and Northern China, respectively. Each of the regional management team is managed by a regional sales manager. The regional sales manager is supervised by a regional operating director, who directly reports to our senior management. We believe our regional management structure promotes the efficiency with a streamlined reporting process, and facilitates the establishment of our industry insights in specific regions. Our regional franchise management teams generally arranged scheduled inspections on all of our franchised CSmall Shops on a bi-weekly basis and meet regularly to share their local experience to improve the overall management of our franchisees and the franchised CSmall Shops. In addition, the regional teams generally report their findings of common issues on a quarterly basis to assist our management team in their decision-making process for assessing and selecting new franchisees, approving new franchised CSmall Shops and enhancing our franchise operating policies and guidelines.

During the Track Record Period, our franchisees had met the sales targets we imposed in our franchise agreements. As of 31 December 2014, 2015 and 2016 and 31 October 2017, we had trade receivables of RMB33.6 million, RMB123.5 million, RMB56.8 million and RMB35.1 million, respectively. The increase in our trade receivables from 31 December 2014 to the same date in 2015 was mainly due to the rapid expansion of our business and our sales of jewellery products of RMB87.5 million to one of our franchisees from November 2015 to the end of the same year, and the decrease in our trade receivables from 31 December 2015 to the same date in 2016 was largely due to the increased sales from our online sales channels as a percentage of our total sales, which generally demanded prompt payment settlement such as through wire or credit card, and our efforts to improve the management of trade receivables collection. The decrease in our trade receivables from RMB56.8 million as of 31 December 2016 to RMB35.1 million as of 31 October 2017 was primarily due to our increased communication with customers to ensure on-time payment and the tightening up of our credit policies by requiring customers to settle payments upon product delivery or within shorter credit terms. As of the Latest Practicable Date, we had settled RMB33.7 million, or 96.1% of our trade receivables as of 31 October 2017. See the section headed "Financial Information — Certain Balance Sheet Items — Trade and Other Receivables" in this prospectus for more information. During the Track Record Period, most of our trade receivables were aged within 30 days. In addition, all of our major franchisees had continuously and routinely placed purchase orders with us throughout the Track Record Period, reflecting that they had been generally able to smoothly sell our products to the end customers and maintain a healthy inventory level, which is generally in line with our understanding based on our onsite inspections and face-to-face communication with our franchisees from time to time. If any of our franchisees has maintained inventory at a level we consider excessive, our management will exercise discretion to limit our supply amount to the relevant franchisee. Based on the foregoing, our Directors are of the view that our sales to our franchisees during the Track Record Period reflected genuine market demand rather than accumulation of inventory in our sales channel, and our management and control over our franchisees and their inventory levels were sufficient for our purposes.

Our Shenzhen Exhibition Hall

In August 2014, we opened our self-operated Shenzhen Exhibition Hall with a gross floor area of approximately 1,500 square metres in Shuibei, Shenzhen, which area is generally believed to be home to China's largest and leading jewellery trading and wholesale market. Our Shenzhen Exhibition

Hall showcases the product designs of our self-owned brands and certain third-party brands, and also serves as an interactive exhibition and sales platform primarily for our wholesale customers. Such wholesale customers generally pay the purchase amounts at our Shenzhen Exhibition Hall when they take delivery of the jewellery products therefrom.

We designate a separate showcase room or sector for each of our self-owned brands and certain third-party brands. Each of the showcase rooms or sectors is generally equipped with at least one well-trained staff person who is familiar with the brands and products and is readily available to guide our visitors and answer their questions. We periodically review the products on display and seek to showcase a broad spectrum of jewellery products, including our classic designs, latest designs, best sellers and our special or limited editions.

Our Shenzhen Exhibition Hall features contemporary designs with infusion of traditional Chinese culture. We display in our Shenzhen Exhibition Hall the signature silver statues and art pieces designed and created by a number of well-respected silver artists in China who had cooperation with us on our product designs. Their designs and advice enhance the brand awareness and aesthetic value of products, in particular, our silver collectible products.

We have a dedicated online and offline customer experience sector in our Shenzhen Exhibition Hall, which incorporates a spacious reception area, a well-equipped conference room, a VIP lounge and a payment and settlement centre. In the VIP longue, we display our products in an interactive manner to our visitors by using advanced digital equipment, including 3D display. We also offer easily accessible DIY product design functions in our Shenzhen Exhibition Hall, through which visitors may design their own bespoke jewellery products with their fingertips. As of Latest Practicable Date, we had one 3D printing machine located at our Shenzhen Exhibition Hall. We also intend to acquire additional two advanced 3D printing machines by the end of 2017 to allow more precise product design and prototypes to enhance our customised jewellery design services. We believe these interactive functions and experience contribute to enhancement of our brand recognition.

Third-party Offline Points of Sale

We also sell our jewellery products through third-party offline points of sale which are commercial banks during the Track Record Period. We generally enter into long-term strategic cooperation agreements with commercial banks with terms ranging from three to ten years. Pursuant to these strategic agreements, the contracted commercial banks will treat us as a preferred supplier for gold and silver products for their onward sales to their customers or employees.

For example, we entered into a three-year cooperation agreement with a city commercial bank in August 2015, pursuant to which, the bank agreed to purchase precious metal products from us and establish sales counters at their branches in China to showcase and sell our precious metal products. All products for display and counter presentation materials at the bank's branches will be supplied by us periodically. We agreed to pay concession fees to the bank for the products sold through their sales counters at their branches based on pre-agreed rates, which is settled monthly. The title of the products that we supply to the bank for display and sales shall remains with us before they are sold and delivered to end customers, and the bank shall be responsible for custody of such products and indemnify us for any theft or loss of products under their custody. The bank shall also display booklets of our other jewellery and precious metal investment products at their VIP lounges and retail counters and display information about us and our products on their LED screens equipped at their branches. The bank will also provide necessary resources and personnel to support our promotional events for at least twice every quarter at their sales counters.

Our revenue from the sales through our third-party offline points of sale was nil, RMB3.7 million, RMB6.7 million, RMB4.9 million and RMB5.9 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, accounting for nil, 0.4%, 0.3%, 0.3% and 0.2%, respectively, of our total revenue in the relevant periods. The concession fees we paid to our third-party offline points of sale was nil, RMB0.36 million, RMB0.34 million and RMB0.19 million in 2014, 2015 and 2016 and the ten months ended 31 October 2017, respectively. We believe that cooperation with commercial banks not only diversifies our revenue streams, but also substantially expands our customer reach to a broad range of individual and corporate customers. We seek to continue our cooperation with commercial banks, with a focus on promoting our silver investment and collectible products to corporate customers and high-net-worth individuals.

Synergies of Our Integrated Online and Offline Jewellery Retail Structure

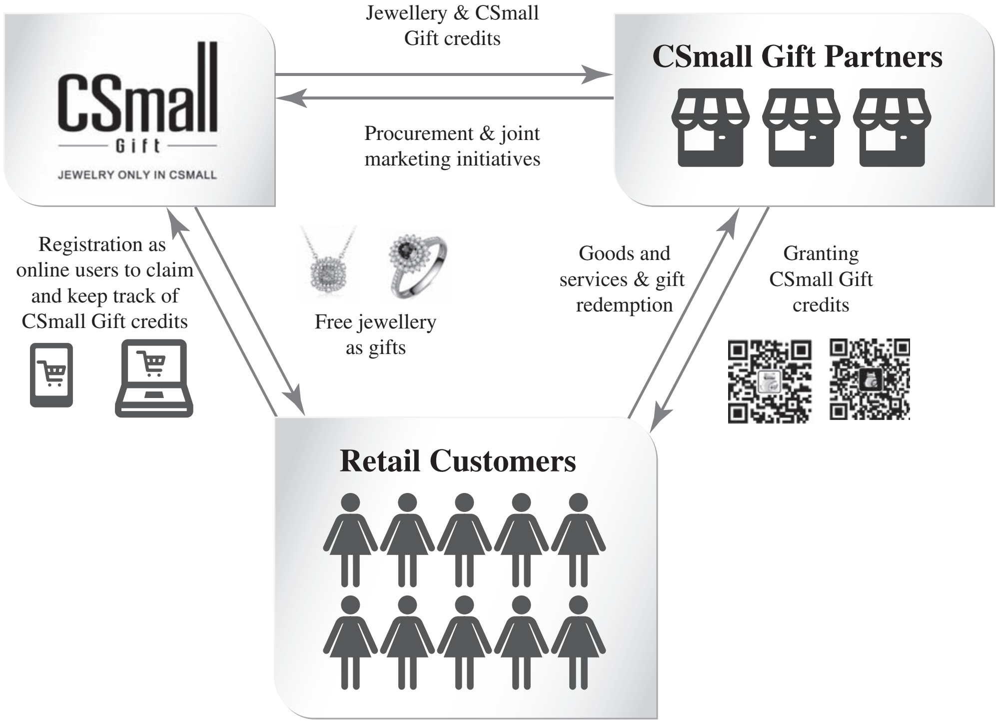
As an integrated online and offline Internet-based jewellery retailer leverage on the New Jewellery Retail Model, we provide our customers with a diversified product portfolio with authenticity, quality and value through our integrated online and offline jewellery retail structure. Our highly integrated online sales channels and offline sales and service network complement, support and promote each other, thereby creating a synergistic effect in contributing to the growth of our business. Our online sales channels offer a wide selection of jewellery products to our customers with easy access while our offline sales and service network provide on-the-ground sales and services to our customers, including jewellery fitting and maintenance services that are essential for jewellery shopping experience. The interaction between our integrated online sales channels and offline sales and service network helps to expand our customer reach by driving customer traffic to each other.

The following diagram illustrates the synergies of our online and offline operations:

OUR CSMALL GIFT INITIATIVES

We continue to refine and improve our crossover sales and marketing initiatives. In September 2016, we launched our CSmall Gift initiatives, through which we cooperate with our CSmall Gift partners to distribute our jewellery products as gifts to their retail customers who purchase goods or services from them. Our main targeted CSmall Gift partners primarily include department stores, branded retailers, entertainment service providers, commercial banks, telecommunications service providers, airlines and insurance companies. As of the Latest Practicable Date, we have entered into CSmall Gift arrangements with 46 CSmall Gift partners, including an automobile after-sales service provider, a branded apparel retailer and certain other goods and service providers such as Internet-based financial service provider and automobile trading service provider, and our franchisees. We will continue to implement our CSmall Gift initiatives by expanding our cooperation with more crossover market retailers and service providers in addition to our existing CSmall Gift partners. We are in the process of negotiating with a number of potential CSmall Gift partners to further implement our CSmall Gift initiatives. For prospective candidates of our new CSmall Gift partners, we would consider factors such as (i) their business scale and financial condition, (ii) the geographic coverage of their sales network, (iii) their demand for our CSmall Gift products and (iv) their ability to further develop their customer base.

The following chart illustrates the operating model of our CSmall Gift initiatives.



As our CSmall Gift initiatives evolve, in April 2017, we began to sell our CSmall Gift credits to our CSmall Gift partners at a discount to such credits' face value. Such discounted amount settled by our CSMall Gift partners is the fair value of the CSMall Gift credits granted. In general, we granted discounts to face value at no more than 85%. We record the fair value of the CSmall Gift credits we sell to our CSmall Gift partners as deferred revenue and recognise as revenue when redeemed by customers of CSmall Gift partners. We intend to evaluate such discount to face value from time to time as we further develop our CSMall Gift initiatives, with a view to maintain a reasonable profit margin. Our CSmall Gift partners grant CSmall Gift credits to their customers for an equivalent or discounted dollar amount of the purchases that such customers have made from them. Customers can redeem our jewellery products at their retail prices that are represented by specific amounts of CSmall Gift credits. Customers of our CSmall Gift partners would need to register as users of our self-operated online platform to redeem their gifts and keep track of their entitled CSmall Gift credits. Customer can simply scan the QR codes with their mobile phones and they will be directed to our self-operated online platform, where they can complete the user registration and credit claiming process easily. With the CSmall Gift credits, customers can choose from a wide selection of jewellery products we offer through self-operated online platform, and they may also redeem jewellery products exceeding their entitled CSmall Gift credits by paying the differences.

In addition, we had granted, free of charge, during April 2017 and mid-August 2017, an aggregate fair value of RMB25,000 CSmall Gift credits to our online retail customers for promotional purposes. We may, subject to evaluating various factors such as our business development needs and promotional activities from time to time, among other things, consider further distributing CSMall Gift credits to our retail customers. The fair value of such CSMall Gift credits granted to our retail customers are recorded as deferred revenue and recognised as revenue when redeemed. See Note 3 to our consolidated financial statements included in "Appendix I — Accountants' Report" to this prospectus for more details.

We have a dedicated section on our self-operated online platform for the jewellery products under our CSmall Gift initiatives, featuring detailed product descriptions. Revenue from our CSmall Gift initiatives for 2016 (for the last four months in 2016 since its launch in September 2016) and for the ten months ended 31 October 2017 was RMB0.5 million and RMB9.4 million, respectively.

Our agreement with our CSmall Gift partners specifies that the CSmall Gift credits sold to them has a term of twelve months. Our online redemption platform has previously allowed the twelve-month term of such CSmall Gift credits to start from the time when they are activated by the ultimate holder of such credits. Beginning from 1 September 2017, we changed our online redemption system to ensure that the validity of our CSmall Gift credits is twelve months from the time we sell such CSmall Gift credits to our CSmall Gift partners, which is in line with the agreement with our CSmall Gift partners.

It is our policy to secure inventory for at least 20% of the face value of CSMall Gift credits at all times. We will review regularly the redemption rates of CSMall Gift credits to adjust our level of inventory from time to time. We generally prepare and refine product sourcing plans on a daily basis based on the orders from our CSmall Gift partners and their estimated demand for our CSmall Gift credits for the following 30 days, taking into account of a reasonable headroom to accommodate additional *ad hoc* demands by our CSmall Gift partners from time to time. We generally require our CSmall Gift partners to settle the fair value amount for the CSmall Gift credits when we sell such CSmall Gift credits to them. To certain well-established CSmall Gift partners, we will evaluate their creditworthiness and may grant a credit term of up to 30 days for a certain credit limit. We will also regularly review our warehousing and logistics capacities to evaluate whether we need to expand our warehouse and upgrade our order fulfilment facilities as we continue to expand our CSmall Gift initiatives.

In order to promote our CSmall Gift initiatives in different geographic locations, we consider it necessary to establish physical outlets, our CSmall Gift shops, to showcase the jewellery products for CSmall Gift initiatives and facilitate the online redemption of such products by providing offline jewellery fitting services. The CSmall Gift shops will also serve as the customer service centers for our CSmall Gift partners and end customers in those localities. Furthermore, we believe that the customer traffic that are expected to be attracted to our CSmall Gift shops will also benefit the sales performance of our various other jewellery products, we also plan to establish one self-operated CSmall Shop next to each CSmall Gift shop. We distinguish our CSmall Gift shops from our CSmall Shops because we believe that a distinct shop that focuses on the gift experience would enhance the overall image of the CSmall Gift concept. We adopt a sales and marketing strategy where jewellery products redeemed at our CSmall Gift shops are different to those sold at our CSmall Shop and our CSmall Gift shops offer a different customer experience from our CSmall Shops. As part of our strategy to diversify our product offerings and our overall profitability, for the new self-operated CSmall Shops, we plan to focus on the sales of our silver products which generally enjoyed relatively high gross profit margins compared to our gold and other jewellery products during our Track Record Period, in particular silverware and other silver jewellery products with a diversified range of designs catering to evolving and varying customer demand. In addition, we plan to continue establishing and operating our CSmall Gift shops independently rather than through franchisees in the foreseeable future because our Directors are of the view that we have adequate resources and solid execution capability to successfully carry out our CSmall Gift initiatives which add significant strategic value to our business growth and the improvement of our overall gross profit margin.

During September and December 2017, we opened our first three CSmall Gift shops in Fujian and Zhejiang provinces, with a gross floor area of 120 square metres, 66 square metres and 387 square metres, respectively. We also plan to open 29 additional CSmall Gift shops by the end of 2018 in major municipalities and cities throughout the PRC, each in general with a gross floor area ranging from 50 to 70 square metres and employing four to six employees. Our targeted municipalities and cities include Beijing, Shanghai, Guangzhou, Shenzhen, Huzhou, Fuzhou, Dalian, Harbin, Tianjin, Qingdao, Jinan, Suzhou, Nanjing, Hangzhou, Ningbo, Wenzhou, Nanchang, Wuhan, Xiamen, Chengdu and Chongqing.

Through our CSmall Gift initiatives, we diversify the manner in which we generate revenue and also expect to expand our customer base in a cost effective manner since end customers who are granted with CSmall Gift credits will need to become registered users of our self-operated online platform to claim and keep track of their CSmall Gift credits before they can redeem jewellery products thereon. We believe that our CSmall Gift initiatives not only tap into the established customer traffic of our CSmall Gift partners and transform it into our sales volumes, but also promote the sales of our CSmall Gift partners. We believe that this "win-win" initiative will help create further cooperation opportunities between us and other product and service providers in a broad range of industries and markets. See the section headed "— Our Strategies — We will continue to implement our CSmall Gift initiatives to expand our customer base and enhance our business growth" for more information.

UTILISATION OF DATA ANALYTICS

Leveraging our access to extensive customer data, we are committed to developing and strengthening our data mining and analytical capabilities to enhance the shopping experience for our customers. Please also see the sections headed "— Our Competitive Strengths — Our leading market position has well positioned us to strengthen our data mining and analytical capabilities to further enhance our business growth" and "— Our Strategies — We will continue to strengthen our data collection, analytical and utilisation capabilities" for more information.

Data Sources and Collection

Our extensive customer reach, achieved through our integrated online and offline jewellery retail structure and our crossover marketing initiatives, not only enables us to generate extensive data from our existing customer base and an expansive prospective customer base by tapping into the customer traffic of our CSmall Gift partners.

Assisted with third-party softwares, we collect customers' clicking, viewing, logon and transaction data and our registered users' personal data, such as address, contact number and email account. In addition, we may launch online trial sale campaigns from time to time to showcase our new product designs and collect data of customers' receptiveness and preferences. Through such trial sale processes and the analysis of the online clicking, viewing and pre-order data, we will refine our product development plans and our targeted marketing initiatives with a better understanding of the anticipated market demand and potential market preferences.

For our offline sales and service network, in March 2016, we started to use the RFID technology in jewellery display to collect customer's behaviour and transaction data in one self-operated CSmall Shop located in the shopping mall of Shenzhen Futian COCO Park. We believe that we are one of the early-movers among the jewellery retailers to introduce the use of RFID technologies to collect customer data. When using RFID technology, the RFID reader will track viewing time of the customer who comes into contact with our products with RFID chips displayed in our CSmall Shop, and transmit such data to the RFID reader through RFID antenna. For example, by comparing the time a customer spent on viewing or trying different products, we would be able to obtain information about a customer's preferred style of products. We are also able to collect to conduct customer profiling information to generate computerised data including customers' gender, estimated ages and shopping preferences.

Data Analysis and Application

With the assistance of third-party softwares, our dedicated data research team, which consisted of four members with an average of more than five years of experience as of 31 October 2017, analyses the collected data on customer shopping and spending behaviour and conducts customer that are characterised by, among other things, age, gender, personal interests and regions to understand the customer needs and preferences. In addition, our customer service systems gather customer feedback, which will subsequently be digitised and classified into various categories, including frequently asked topics, sales regions and different sales channels in our data analysis systems. The analysed data is then shared with our different functional departments for further application to improve our product designs and development and enhance our targeted sales and marketing initiatives with a view to better catering to the evolving needs of our extensive customer base.

We have implemented data protection measures and restrict the data extraction, transmission and data access to safeguard the privacy and personal data of our customers. We encrypt our customer data to protect it from leakage while being transmitted to, or stored in, our IT systems. We limit our employees' access to customer data to the minimum extent as reasonably required by their job responsibility and positions. To that end, our employees must complete the identity verification procedures embedded in our IT systems, including our ERP system, before they can access our customer data according to their authority. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any incident of data leakage.

OUR BRANDS AND PRODUCTS

Our CSmall Platform Brand

We operate our integrated online sales channels and offline sales and service network under our platform brand of 金貓銀貓CSmall. We believe that we have established market recognition for our platform brand and our trustworthy product quality under such platform brand. As of the Latest Practicable Date, we have registered the trademarks of 金猫银猫CSmall and CSmall.Gift in the PRC, and we have also registered the trademarks of 金猫银猫CSmall and CSmall in Hong Kong for jewellery and Internet-related business. See the section headed "Appendix V — Statutory and General Information — B. Further Information about Our Business — 2. Key Intellectual Property Rights of Our Group" to this prospectus for more information.

Our Product Brands

We adopted a multi-tier and multi-brand product strategy, which enables us to cater to a broad range of customers with different and evolving needs and preferences, thereby strengthening our business resilience. As of 31 October 2017, we sell jewellery products of 191 brands, comprising 23 self-owned brands and 168 third-party brands. Our revenue from our self-branded jewellery products accounted for more than 99% of our total revenue in each of 2014, 2015, 2016 and the ten months ended 31 October 2017.

Our self-owned brands cover a wide spectrum of jewellery products catering to customer groups of different ages and spending preferences. Catering to the growing market demand of affordable jewellery products by the younger generation, we embrace the product philosophy of affordable luxury and fast fashion for certain of our jewellery products and regularly roll out on our CSmall platform a wide selection of affordable jewellery products with diversified and fashionable designs. During the Track Record Period, we launched 203, 239, 257 and 719 product designs, of which 141, one, four and 169 product designs were from external designers, for our self branded jewellery products in 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively.

The following table sets out the relevant information of our key self-owned product brands. Please also see the section headed "Appendix V — Statutory and General Information — Key Intellectual Property Rights of Our Group" to this prospectus for the relevant trademarks relating to such brands and certain of our product designs.

Self-Owned Brands	Year of Establishment	Product Philosophy	Target Customer Base	Retail Price Range
典顺通寶	2014	Precious metal collectibles with superior craftsmanship and aesthetic value	Customers aged 20 to 45, primarily in the more economically developed cities in China	Generally ranges from RMB300 to RMB10,000, and from RMB1,000 to RMB5,000 for key products
尊梵	2012[1]	Medium to high-end, refined and elegant pure silver jewellery products infused with oriental aesthetics	Customers aged 20 to 45, primarily in the more economically developed cities in China	Generally ranges from RMB200 to RMB3,000; a higher price range is applicable for high-end products
汇天银	2013	Mass jewellery; silver products combining traditional Chinese aesthetics and contemporary elements	Customers at various ages	Generally ranges from RMB100 to RMB2,000

Self-Owned Brands	Year of Establishment	Product Philosophy	Target Customer Base	Retail Price Range
SISI FASHION JEWELRY	2013	Affordable luxury; fashionable and trendy jewellery products specially designed as female accessories	Customers aged 20 to 40	Generally ranges from RMB300 to RMB5,000, and from RMB400 to RMB1,000 for key products
忆旧松	2014	Diversified and refined amber jewellery products in a nostalgic style infused with contemporary elements	Customers aged 20 to 45, primarily in the more economically developed cities in China	Generally ranges from RMB300 to RMB10,000, and from RMB1,000 to RMB3,000 for key products
泰京银 THAI.AG	2014	Refined and nostalgic silver products usually mounted with gemstones designed with a royal touch and contemporary elements	Customers aged 20 to 40	Generally ranges from RMB200 to RMB1,000

Note:

(1) The trademark of 尊梵 (Registration No. 10725237) under trademark class 14 in the PRC was previously owned by Longtianyong, a wholly owned subsidiary of China Silver Group, and was transferred to Shenzhen Guoyintongbao on 1 January 2017.

Our third-party brands covering a wide spectrum of jewellery products complement our product offerings under our self-owned brands. The jewellery products under third-party brands are made of an array of materials, including gold, silver, platinum, diamonds and various kinds of gemstones.

The following table sets out information of certain of our major third-party brands that we source from jewellery suppliers for onward sales:

Third-Party Brands	Nationality of Brands	Product Philosophy	Target Customer Base	Retail Price Range
ASTRA	New Zealand	Jewellery products made of precious metal and gemstones with bling-bling effects and a romantic touch	Female customers aged 20 to 36	Generally ranges from RMB800 to RMB1,500
MURAT PARIS	France	Traditional French fashion with elegance for independent and confident female customers	Female customers aged 20 to 35	Generally ranges from RMB300 to RMB2,000

Products

Our Product Offerings

We categorise our jewellery products into the following product categories: (i) gold products that are primarily made of gold with a purity grade of no less than 99.9% (999 gold), which comprise gold bars and other gold jewellery products, (ii) silver products that are primarily made of silver with a purity grade of no less than 92.5% (including 925 silver and fine silver), which comprise silver bars and other silver jewellery products, and (iii) gem-set and other jewellery products. All of our jewellery products mounted with various kinds of gemstones are characterised as gem-set products and gemstones are usually set in karat gold, platinum and silver. Our gem-set and other jewellery products are primarily jewellery products mounted with diamonds or accessories made of raw materials other than gold, silver or gemstones, such as wood. Our various types of jewellery products primarily take the form of rings, earrings, necklaces, pendants, bracelets, charms, brooches, homewares, statues and other collectibles. See the section headed "Financial Information — Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue by Product Category" in this prospectus for more information on our product mix and its changes during the Track Record Period. Benefiting from our leading position in the integrated online and offline jewellery retail market in China and our well-recognised platform brand, we have been an authorised distributor of China Gold Coin Corporation (中國金幣總公司) to distribute their panda gold coins in China since December 2016.

In addition to our designed products, we provide customised jewellery products for our customers. For example, we launched a collection of jewellery products named "Wu Er Ding Zhi" (無二訂製), which literally means customised jewellery with uniqueness. A series of jewellery products under this collection are jewellery products with the "sound wave" patterns of the sound recording by our customers. Through our interaction with our customers in these customised service we provide to our customers, we are able to collect and analyse the data on customer preferences on jewellery design and apply it to support and inspire our in-house and external designs for their jewellery designs.

Product Design and Development

Our In-house Designers and External Designers

Our self-branded jewellery products are designed by our in-house designers in our product development team and, to a lesser extent, our external designers as referred by our cooperated art and design institutions and colleges. As of 31 October 2017, our product development team had 14 members who on average have more than three years of experience in jewellery design.

We adopted an approach of purchasing both product designs from external designers and finished jewellery products of designer's brands. During the Track Record Period, we had cooperation with various art and design institutions and colleges. We adopted 243 product designs from six external designers during the Track Record Period. See the section headed "— Intellectual Properties" for more information regarding our agreement with external designers.

Our external designers are primarily well-respected artists in China with whom we cooperate mainly with respect to our silver collectible products, such as silver statues and other silverware. Under our cooperation, the artists authorise us to produce duplicates of silver collectibles of their signature pieces that they authorise us to sell. We believe that these collectibles are particularly popular among our high-net-worth individual customers, who have strong preference for jewellery products with premium craftsmanship and atheistic value. We generally enter into agreement with these artists with a one-year term. Pursuant to such agreement, the intellectual property rights of such silver collectibles remain with the artists and we split the sales revenue of such products with the artists based on an agreed sharing ratio. The agreement may be terminated by our mutual agreement.

In order to diversify our product designs and expand our customer base, we may enter into agreements with relevant copyright or trademark owners to obtain their authorisation, by paying royalty fees, for using their copyrights or trademarks relating to designs or images of, among other things, celebrities, cartoon characters and memorable events for our jewellery products to be distributed in mainland China from time to time. For example, in October 2016, we obtained the authorisation for rights for producing and distributing silver jewellery and silverware with specific designs with popular Walt Disney figures of Mickey Mouse, Minnie Mouse, Winnie-the-Pooh and Disney Princess through our self-operated online sales channels in China. In addition, we may also cooperate with image design companies to obtain their authorisation for recently popular cartoon characters or to jointly design new figures or images for our product designs. For example, in March 2016, we obtained the authorisation to sell jewellery products featuring Jiang Hoo (姜小虎), which is a cartoon character in a popular online game. We generally entered into authorisation agreements with such brand or image authorising parties based on their standard agreement templates for generally a one-year term. Pursuant to such agreements, we would usually pay royalty fees to the authorising parties based on a prescribed percentage of our sales amount involving the relevant brands and images.

Our Product Design and Development Process

Generally, we plan in advance the design project schedule for the following year and launch new products on a monthly basis in addition to the rollout of special designs occasionally. Our in-house designers keep close communication with our sales and marketing personnel, who provided up-to-date market intelligence and customers' feedback to our in-house designers to inspire their designs.

Our product development process generally comprises five key stages, which are R&D, product design, product modelling, approval of prototypes, and production and product launch. The first stage of our product development is initial product R&D. Our Product Centre works closely with R&D Centre, to collect market intelligence and form a proposal on product positioning for internal approval. Our product development expenses were RMB2.2 million, RMB8.7 million, RMB17.9 million and RMB14.3 million in 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively. Once the proposal for new products is approved, the next stage is product design which primarily involve sketching of jewellery products. Designs then proceed to the modelling stage after the approval of sketching. We may complete the modelling with our selected OEM contractors or in our in-house facilities. The design process is completed upon the prototype receiving collective approval from our Product Centre and R&D Centre. Our Product Centre and our sales channels will determine the production size after considering the expected market demand and our marketing strategy. Our Merchandise Centre is responsible for inspecting the product quality and arranging the logistics arrangements and warehousing in preparation of product launch, and our Finance Department is responsible for settlement of the relevant design, modelling and production costs.

The following diagram illustrates the key stages of our product development process:

	Description	**Key Departments**
R&D	• Market research • Product positioning	• Product Centre • R&D Centre
↓ Product Design	• Hand-sketching of product designs • Assistance with design software • Review and approval of designs	• R&D Centre • Product Centre • Other relevant business departments
↓ Product Modelling	• Product modelling • Review and improvement of product designs	• Product Centre • R&D Centre
↓ Approval of Prototypes	• Review and approval of prototype • Settlement of modelling costs • Displaying prototypes	• Product Centre • Merchandise Centre • Finance Department
↓ Production and Product Launch	• Formulation of distribution plans • OEM production • Product delivery, warehousing and product launch • Settlement of production costs	• Product Centre • Merchandise Centre • Finance Department • Various departments responsible for our online sales channels and offline sales and service network

We usually select popular products from our existing collections for promotional purposes, in particular, for special occasions such as the Valentine's Day and the Single's Day (which falls on 11 November each year) which are generally viewed as a synonym of "online shopping day" in the recent years. We also roll out specially designed items for certain festivals that may have special significance in China.

We also provide customised product design and production service for our customers. Our charges for the customised design and service mainly depend on the materials involved, the volume of the purchase, complexity of the design and the strategic significance of the customers.

Our Production Through Arrangements with OEM Contractors

During the Track Record Period, we outsourced the manufacturing of our certain self-branded jewellery products to OEM contractors. In 2014, 2015, 2016 and the ten months ended 31 October 2017, the OEM expenses we incurred with respect to casting work provided by our OEM contractors were approximately RMB47.1 million, RMB89.2 million, RMB109.7 million and RMB39.4 million, accounting for approximately 16.2%, 10.7%, 4.4% and 1.2%, respectively, of our total revenue during the same periods. Utilising OEM contractors for production offers us the opportunity to focus our resources on key stages of our business, such as product development, brand promotion and management, and sales and distribution. This strategy also allows us to avoid extensive direct exposure to the risks and expenses associated with operating production facilities, while at the same time, promptly adjusting our product offerings in response to shifting market trends so as to maintain a highly competitive cost structure.

The OEM contractors who manufacture our products are generally specialised in the production of jewellery products and experienced in providing outsourcing services. We carefully select OEM contractors from a broad range of candidates and establish stable relationship with our key OEM contractors. We require our OEM contractors to provide us with the relevant licenses and certificates. In addition, we would conduct on-site visits and evaluations before procurement of each batch of products. We evaluate potential new OEM contractors with regard to their infrastructure and production capacity, market reputation, financial condition, manufacturing costs, operating history and their ability to meet our specific quality and quantity requirements.

We implement stringent product quality and confidentiality requirements for our OEM contractors as to our designs and manufacturing. In accordance with the relevant laws, we are liable to our customer for the obligations of our OEM contractors. Therefore, we conduct inspections on the works of our OEM contractors to ensure they comply with the relevant laws and regulations before we place orders with them. See the section headed "— Quality Control" for more information. During the Track Record Period, we had not encountered any disruption to our business due to material non-compliance, counterparty default or business interruption by OEM contractors who manufacture our products. To the best knowledge of our Directors, there had not been no incidents of confidentiality breach by such OEM contractors during the Track Record Period and up to Latest Practicable Date.

We had four OEM contractors as of 31 December 2014, 2015 and 2016 and 31 October 2017, respectively, all of which are Independent Third Parties. We have been working with our OEM contractors for an average of two years. We believe that we have a good working relationship with our OEM contractors. We do not have reliance on any single OEM contractor as we understand that there are a large number of OEM contractors for jewellery products with similar quality and price available in the market. There were more than 2,000 OEM contractors for jewellery products in the PRC as of 31 October 2017, according to the Frost & Sullivan Report.

We have entered into written agreements with our OEM contractors, which generally contain the following key terms:

- *Duration*: The agreements are either one-off agreements or with a term of one year. The agreements are generally silent on renewal.

- *Exclusivity:* No exclusivity provision.

- *Raw material procurement policy*: We source the raw materials for our OEM contractors for them to process jewellery products in accordance with our design and manufacturing specifications pursuant to our specific purchase orders.
- *Compliance with quality requirements*: The OEM contractors shall comply with our specified product quality and specification requirements.
- *Basis for determining OEM fees*: The OEM fees are generally charged at fixed rates based on the weight of different categories of jewellery products.
- *Settlement and credit terms*: The amounts payable by us shall be settled on a monthly basis via bank transfers.
- *Termination*: The agreement can be terminated by mutual agreement or by either party in case of a material breach by the other party.

Our Planned In-house Production

To take advantage of the relatively lower costs in Jiangxi, the close proximity our silver ingot supplier China Silver Group and to allow us to handle orders that our OEM contractors may not be able to fully handle, we plan to build production facilities in Jiangxi Jiyin. Jiangxi Jiyin occupies a total gross floor area of 1,373.8 square metres in Ji'an city, Jiangxi province, 877.8 square metres of which are expected to be used for production. We incurred capital expenditure in an amount of approximately RMB2.7 million in the ten months ended 31 October 2017 for purchases of production equipment and construction of the facilities. Jiangxi Jiyin is expected to have an annual production capacity of approximately 53 million grams of silver bars and limited categories of other silver jewellery products such as silver bangles, which represents approximately half of the total volume of silver products as measured by grams we sold in 2016. As of the Latest Practicable Date, Jiangxi Jiyin had not commenced any production operation and the production was expected to commence in March 2018. We are in the process of sourcing equipment and machinery for our production facilities at Jiangxi Jiyin. To ensure we are equipped with appropriate management capacity responsible for the jewellery production business, we are also in the process of recruiting experienced personnel and staff in the relevant fields. We expect to continue outsourcing the manufacture of our gold products, a substantial portion of our silver products and certain gem-set and other jewellery products to OEM contractors.

The establishment and operation of our in-house production facilities will incur additional capital expenditure, labour and production costs and depreciation expenses. Nonetheless, we believe that the benefit of having in-house production facilities outweighs that of utilizing OEM contractors for production in the long term. Specifically, the cost of production through in-house production facilities will be lower than that through subcontractors because fixed costs such as cost of production equipment can be shared among the products being produced. Assuming an annual production volume of 53 million grams of silver products, we expect that the aggregate amount of our labour and production costs, depreciation expenses and other miscellaneous costs of our in-house production to be approximately RMB17.7 million each year, which only accounts for approximately 82% of the OEM expenses for the same volume of silver products that are estimated to be approximately RMB21.7 million. In addition, as we will control our in-house production procedures, we will be able to manage and monitor the production process. As a result, we can (i) keep confidential our product designs, and avoid plagiarism of our products during the production process; (ii) achieve greater production efficiencies in the long run, and ensure products will be manufactured and delivered in a timely manner pursuant to our evolving business needs; (iii) closely monitor the quality of products; and (iv) adjust production plans from time to time so as to accommodate product designs.

The breakeven period and the investment payback period of our in-house production facilities is estimated to be two months and 15 months, respectively, after their commencement of operation, respectively. The estimation of the above breakeven period and the investment payback period takes into account certain key factors such as (i) the designed production capacity of such facilities; (ii) the expected demand for in-house production; (iii) the estimated cost of procuring the production equipment; (iv) the estimated rental cost for property in which the in-house production facilities are located; (v) the estimated labour cost based on the compensation level of similar production business; (vi) the estimated depreciation expense based on the value of the production equipment and its estimated lives; and (vii) other estimated expenses and costs.

PRICING

Product Pricing

We have established internal pricing and discount policies with respect to products sold by ourselves and our franchisees, which are reviewed and approved by the senior management, to govern the product pricing and discounts offered to customers from time to time. Although our policies provide that extra discounts can only be offered to customers upon prior approval from the shop managers or the senior management of our Group, in practice, some of our franchisees offer greater discounts to their customers than as set out in our policies. Please see the section headed "— Our Integrated Online and Offline Jewellery Retail Structure — Our Offline Sales and Service Network — Our CSmall Shops — Our Franchised CSmall Shops" for more information. We have, however, and we will continue to, proactively work with our franchisees to understand their reasons for providing further discounts and if we consider that there are no material adverse impact to us arising from such franchisee's actions, we will not take action against it.

Prices of the jewellery products are generally determined by costs of raw materials and finished goods, cost of casting work, weight and the jewellery components contained in each of the products, styles and designs, complexity and novelty of the design, and our expected margins. We generally pass on the increases in the prices of raw materials to our customers to maintain a reasonable profit margin. We generally adopt a uniform suggested retail price policy for our jewellery products offered through our online sales channels and offline sales and service network, while our franchisees may have certain discretion to conduct promotional sales under our franchise policies with minimum retail price requirements. In certain cases, such as for the sales of gold bars on our self-operated online platform, we may adjust their prices by giving different levels of discounts based on the quantity of purchases. For our other customers who settle with us a wholesale basis, we also consider their strategic value when we determine the pricing discounts.

Our ability to pass on increases in cost of gold and silver to our customers varied primarily depending on whether the jewellery products are priced mainly based on their cost of gold and silver or both their cost of gold and silver and cost of casting work. For example, in terms of gold bars which have relatively thin gross profit margin and involve limited casting work to engrave with our various product designs and/or branding logos, we generally price gold bars based on their then spot market prices with price markups which may vary from time to time and by customer to ensure that we will enjoy an acceptable profit margin. The pricing policies of our gold bars and silver bars are determined by our Executive Directors who having regard to the market prices of gold and silver and our sales and marketing strategies from time to time. During the Track Record Period, we adopted competitive pricing strategies for our gold bars and generally applied a price markup ranging from RMB2 to RMB15 per gram over our cost of gold, while we generally adopted a price markup ranging from RMB0.5 to RMB4 per gram for our silver bars over our cost of silver. On a day-to-day basis, our Executive Directors would determine the price markups, within the aforemention ranges, to be applied for transactions of the day, having regard to the marketing and promotion strategies at the time and the purchase volume that our customers are seeking to procure. See the section headed " — Suppliers and Procurement — Our Raw Material Suppliers" for more information on our real-time procurement policy for certain gold products. In other words, we still expect to record gross profit for such products even when the raw material price of gold increases.

On the other hand, if jewellery products do involve relatively more casting work and are priced mainly based on both of their cost of raw materials and cost of casting work which command higher gross profit margin, in order to maintain the competitiveness of their selling prices, we may choose not to fully pass on the increase in raw material prices to customers. In other words, we will, having assessed the gross profit margin required, determine to what extent the increase in raw material prices will be passed on to customers while still maintaining a reasonable profit margin.

Based on the foregoing pricing policies for different types of jewellery products, we are able to exercise our judgment to decide on the extent of the increases in raw material prices to be passed onto customers and thus would not expect to experience gross loss even when the raw material prices increase by 5% or greater.

CUSTOMERS

Our Customers

Our integrated online and offline jewellery retail structure was built and developed to establish our CSmall brand and promote our branded products to end user customers. We sell our jewellery products to a broad range of customers through a combination of B2C, B2B2C and B2B sales models. In certain of our distribution channels, we sell products to our franchisees, television and video shopping channels, commercial banks and certain customers of our Shenzhen Exhibition Hall on a wholesale basis, but in those instance, such distribution channels still form part of our integrated online and offline retail sales network under our B2B2C sales models. See the sections headed "— Our Business Model — Our Extensive Customer Reach" and "— Our Business Model — Our Integrated Online and Offline Jewellery Retail Structure" for more information. For more information and the breakdown of our revenue, gross profit and gross profit margin by customer, see the section headed "Financial Information — Description of Selected Line Items of Consolidated Statement of Profit or Loss and Other Comprehensive Income — Gross profit and Gross Profit Margin — Our Group — By Customer" in this prospectus.

As an integrated online and offline Internet-based jewellery company, we devote significant efforts to attract customers to purchase various kinds of jewellery products through our self-operated online platform, while we seek to improve our offline sales and services to complement and enhance online sales. As such, we believe there may be certain overlaps of customers across our various online sales channels and offline sales and service network. For example, an individual customer of our self-operated or jointly operated CSmall Shop could make repeated purchases through our self-operated online platform or other sales channels, and *vice versa*. However, with respect to individual customers, we generally do not acertain the identity information of individual customers of our third-party online sales channels or our offline sales and service network (in particular those networks not independently operated by us), it is therefore impracticable for us to identify and collate the information of overlapping individual customers. With respect to corporate customers, to the extent that we could identify by their registered user names through our self-operated online platform or by the corporate names provided by such customers of our various sales channles for us to issue sales receipts or invoices, during the Track Record Period, there were four overlapping corporate customers in 2016. One of these four overlapping corporate customers is a television and video shopping company that we cooperate with, and the other three are Shenzhen Xinguangyi, Shanghai Jitian and Zhejiang Hengyin, all being our franchisees. The television and video shopping company, Shenzhen Xinguangyi and Shanghai Jitian purchased gold bars from our self-operated online platform during the promotion periods in the amount of approximately RMB61.5 million, RMB31.9 million and RMB0.7 million, respectively, in 2016. Zhejiang Hengyin purchased various jewellery products in the amount of approximately RMB0.04 million through the Shenzhen Exhibition Hall in 2016, before it became one of our franchisees in 2017. Other than these four overlapping corporate customers, we expect that, but without carrying out any independent verification, there may be certain overlaps of our corporate customers whose individual owners or employees might purchase our products under such individuals' names (rather than the corporate names) through our self-operated online platform from time to time, in addition their purchases of our products through our various other sales channels, such as the Shenzhen Exhibition Hall.

Top Five Customers

Our revenue generated from the sales to our five largest customers amounted to RMB185.5 million, RMB467.9 million, RMB481.4 million and RMB1,994.0 million for 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively, representing 63.7%, 56.0%, 19.5% and 63.2% of our total revenues for the relevant period. These customers generally pay us the purchase amounts in RMB via wire transfers. Revenue from the largest single customer for 2014, 2015, 2016 and the ten months ended 31 October 2017 amounted to RMB56.1 million, RMB191.6 million, RMB143.4 million and RMB1,488.4 million, respectively, representing 19.3%, 22.9%, 5.8% and 47.2% of our total revenue for the same periods. We believe we do not have any material reliance on any single customer as we serve a wide range of retail and wholesale customers and we continue to expand and optimise our integrated online and offline jewellery retail structure. The revenue from our sales of gold bars to Customer A was RMB1,488.4 million, or 47.2% of our total revenue, for the ten months ended 31 October 2017, and the gross profit from such sales was RMB4.0 million, or 2.2% of our total gross profit, in the same period. Given the relatively small amount of profit that Customer A contributes and that Customer A only buys gold bars from us, our Directors are of the view that we do not unduly rely on Customer A as such sales do not have a material effect on our profitability. None of our Directors, their associates or any Shareholder (which, to the knowledge of the Directors, owns more than 5% of our issued share capital) has any interest in any of our five largest customers during the Track Record Period.

The following tables set forth certain information about our top five customers during the Track Record Period:

For the year ended 31 December 2014:

Customer	Principal business[(1)]	Major types of products purchased from us	Typical credit terms	Business relationship since	% of total revenue	Revenue contribution to which sales channel
Zhejiang Furuihong (one of our franchisees)	Design and distribution of jewellery, precious metal products and collectibles, business consulting, import and export services	Gold products, silver products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2014	19.3%	Franchised CSmall Shops
Shanghai Shengquan Metal Materials Company Limited (上海生泉金屬材料有限公司)	Sales of precious metal products	Silver products and gold products	Payment on delivery	2014	18.6%	Shenzhen Exhibition Hall
Shanghai Yinquan Metal Materials Company Limited (上海銀泉金屬材料有限公司)	Sales of metal products and jewellery products	Silver products and gold products	Payment on delivery	2014	10.1%	Shenzhen Exhibition Hall
Shenzhen Xinguangyi (one of our franchisees)	Organizing cultural events, asset management and equity investments, design and distribution of jewellery, collectibles, souvenirs, stationery, toys and electronic products and advertising	Gold products, silver products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2014	8.2%	Franchised CSmall Shops
Hangzhou Haila E-commerce Company Limited (杭州海拉電子商務有限公司)	E-commerce and technology service	Silver products, gold products and other jewellery products	Payment on delivery	2014	7.6%	Shenzhen Exhibition Hall

For the year ended 31 December 2015:

Customer	Principal business[1]	Major types of products purchased from us	Typical credit terms	Business relationship since	% of total revenue	Revenue contribution to which sales channel
Zhejiang Furuihong (one of our franchisees)	Design and distribution of jewellery, precious metal products and collectibles, business consulting, import and export services	Gold products, silver products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2014	22.9%	Franchised CSmall Shops
Shanghai Tianbaolongfeng Gold and Silver Jewellery Sales Company Limited (上海天寶龍鳳金銀珠寶銷售有限公司) (one of our top five suppliers, i.e., supplier G, in 2015)[2]	Design and sales of jewellery products	Silver products and gold products	Payment on delivery	2015	10.3%	Shenzhen Exhibition Hall
Baida Group Co., Ltd. (百大集團股份有限公司)[3]	Sales of various kinds of goods	Gold products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2014	9.2%	Self-operated CSmall Shops
Zhongshi Shopping Company Limited (中視購物有限公司) (one of our television and video shopping channel contractor)	Sales of various kinds of goods	Gold products, silver products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2014	7.4%	Third-party online sales channels
Shanghai Jitian (one of our franchisees)	Design and distribution of jewellery, precious metal products and collectibles, technology development related to jewellery industry, technology consulting and services, import and export services	Gold products, silver products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2015	6.2%	Franchised CSmall Shops

For the year ended 31 December 2016:

Customer	Principal business[1]	Major types of products purchased from us	Typical credit terms	Business relationship since	% of total revenue	Revenue contribution to which sales channel
Baida Group Co,. Ltd. (百大集團股份有限公司)	Sales of various kinds of goods	Gold products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2014	5.8%	Self-operated CSmall Shops
Shanghai Jitian (one of our franchisees)	Design and distribution of jewellery, precious metal products and collectibles, technology development related to jewellery industry, technology consulting and services, import and export services	Gold products, silver products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2015	4.5%	Franchised CSmall Shops
Shenzhen Xinguangyi (one of our franchisees)	Organising cultural events, asset management and equity investments, design and distribution of jewellery, collectibles, souvenirs, stationery, toys and electronic products and advertising	Gold products, silver products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2014	3.6%	Franchised CSmall Shops
Zhejiang Furuihong (one of our franchisees)	Design and distribution of jewellery, precious metal products and collectibles, business consulting, import and export services	Gold products, silver products and other jewellery products	30 days for products other than gold bars; payment on delivery for gold bars	2014	3.0%	Franchised CSmall Shops
Beijing Xuyuantianbao Cultural and Creative Industry Company Limited (北京虛苑天寶文化創意產業有限公司)	Cultural and art exchange events planning, asset management, investment, trading and consulting	Gold products	Payment on delivery	2016	2.7%	Self-operated online platform

For the ten months ended 31 October 2017:

Customer	Principal business[1]	Major types of products purchased from us	Typical credit terms	Business relationship since	% of total revenue	Revenue contribution to which sales channel
Customer A[4]	Exchange and distribution of precious metal products, distribution of jewellery, souvenirs and various kinds of goods, acquisition and leasing of gold products	Gold products	Payment on delivery	2017	47.2%	Self-operated online platform
Shanghai Jitian (one of our franchisees)	Design and distribution of jewellery, precious metal products and collectibles, technology development related to jewellery industry, technology consulting and services, import and export services	Gold products, silver products and other jewellery products	30 days	2015	5.2%	Franchised CSmall Shops
Shenzhen Xinguangyi (one of our franchisees)	Organising cultural events, asset management and equity investments, design and distribution of jewellery, collectibles, souvenirs, stationery, toys and electronic products and advertising	Gold products, silver products and other jewellery products	30 days	2014	4.5%	Franchised CSmall Shops
Baida Group Co., Ltd. (百大集團股份有限公司) [3]	Sales of various kinds of goods	Gold products and other jewellery products	30 days (except for gold bars)	2014	3.3%	Self-operated CSmall Shops
Zhejiang Hengyin (one of our franchisees)	Sales of jewellery and craft products, design of craft products, and import and export of goods	Gold products, silver products and other jewellery products	30 days	2016	3.1%	Franchised CSmall Shops

Notes:

(1) The information of the business scope of the customers is based on the publicly available information as of 31 October 2017.

(2) See the section headed "— Suppliers and Procurement — Overlapping Customers and Suppliers" for more information.

(3) Our jewellery products are sold at the shopping mall of Baida Group Co., Ltd. and the sales of our products to end customers at such shopping mall are processed by Baida Group Co., Ltd's centralised POS system. As a result, such sales are accounted for as two concurrent transactions consisting of (i) the sales of jewellery products by the Group to Baida Group Co., Ltd. and (ii) the sales of the same products by Baida Group Co., Ltd. to end user customers.

(4) Based on Customer A's business as described on its website, we believe that Customer A, a PRC state-owned enterprise, purchased gold bars from us primarily for (i) onward sales to its customers and (ii) as its inventory reserve for satisfying the demands of its customers who exercise their right to take physical delivery of gold bars under their Au (T+D) dealings, i.e., gold trade and deferred settlement arrangements, from time to time. We believe that the procurement from Customer A was mainly attributable to our competitive pricing for gold bars, our ability to deliver customised gold bars in relatively large quantities in a timely manner, our authenticity assurance and solid market recognition. After the Track Record Period and up to the Latest Practicable Date, Customer A continued to purchase gold bars from us. We plan to maintain business relationship with Customer A in the foreseeable future.

SUPPLIERS AND PROCUREMENT

Our Raw Material Suppliers

The principal raw materials for our jewellery include gold, silver and various kinds of gemstones. We source substantially all raw materials in China. We do not maintain a significant level of gold and silver raw materials. In particular, when we receive purchase orders for gold and silver bars from our customers through our self-operated online platform or from our customers, we will, on a real-time basis, procure the same from our suppliers.

For our gold bars sold through our self-operated online platform, we source gold ingots from both precious metal exchanges and other third-party suppliers which engage in gold trading buriness. With respect to third-party suppliers, they will generally provide one daily ask price each morning for purchasing up to a certain volume of gold ingots. Such daily ask price is primarily based on the then spot price for gold. On the basis of such ask price, we will advertise our daily price for gold on our website which will include a price markup of between RMB2 to RMB15 depending on our marketing and promotion strategy at the time. Our customers will, based on our advertised daily gold price, place orders for gold bars on our self-operated online platform. Based on the orders we receive from our customers, we will place our procurement orders with the third-party supplier on a daily basis. As these third-party suppliers would only supply at their daily ask price up to a certain volume, if we receive a large customer order that exceeds the volume we can procure at the daily ask price, we will source gold from other sources such as precious metal exchanges and other third-party suppliers. In such instance, (i) such customer will, having regard to our advertised daily price for gold bars on our website, contact our customer representative to enquire if we could sell a certain volume of gold bars to them at such customer's target price and potentially with specific requirements such as sourcing raw materials from a precious metals exchange to ensure purity and including certain specific casting work to be done for such gold bars; (ii) we will then obtain a quote for gold ingots for such volume from the precious metals exchange; (iii) we will then inform such customer the price at which we will be able to supply such volume of gold bars (which will include the cost of the casting work and a reasonable markup to ensure we achieve certain gross profit); (iv) if the customer accepts such price, it will place and confirm the order through our self-operated online platform and then make wire transfer or make online payment promptly; and (v) once we receive payment, we will confirm our order for gold ingots with the precious metals exchange and will also at the same time, confirm completion of the order with such customer in writing. The entire process from the customer's enquiry with our customer representative to our completion of the order generally takes less than one hour and therefore, the risk of us not being able to secure our target price of gold ingots to fulfill our customer's order is minimal. Our representative will then take delivery of the gold ingots from the precious metals exchange (usually at a designated bank vault) and will send such gold ingots to our OEM contractor to produce the finished gold bars. The finished products are delivered to our warehouse, pending delivery to or pickup by our customers. As we generally price our gold and silver bar products based on the then prevailing market rates (offered by our third-party suppliers or the precious metal exchanges) with price markups which may vary from time to time and by customer, we are able to enjoy a reasonable profit margin. See the section headed "— Pricing — Product Pricing" for more information of our pricing policies. We estimated that our purchases of gold bars and silver bars on such real-time basis accounted for approximately 70% of our total purchases of gold and silver during the Track Record Period. We intend to maintain the aforementioned practice in respect of gold bars and silver bars going forward.

During the Track Record Period, we outsourced the production of our self-branded products to OEM contractors. During the Track Record Period, Longtianyong (a wholly owned subsidiary of our Controlling Shareholder, China Silver Group) is our major supplier of silver ingots. The market value of silver ingots we used for the production of our silver products and transferred from Longtianyong was approximately RMB173.7 million, RMB312.1 million, RMB323.6 million and RMB268.1 million in 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively. We will continue to source silver ingots from Longtianyong for our business. See the section headed "Connected Transactions" in this prospectus for more information.

We closely monitored and minimized the time gap between the delivery of raw materials to OEM contractors by us and the production of finished goods by OEM contractors. In general, on each working day, we will deliver to OEM contractors raw materials of gold and silver we purchase from our suppliers (e.g., Longtianyong for silver and gold exchanges from their bank vaults). We will require the OEM contractors to consume the raw materials delivered within a short period of time to produce finished goods. For gold and silver bars, the turnaround time for raw materials to be produced into finished goods is usually less than 24 hours. To further mitigate the security risks of our raw materials that are delivered to our OEM contractors, we require at least one member of our senior management to take delivery of such raw materials and for one of our employees to accompany such raw materials to the OEM contractors and observe the entire production process by our OEM contractors at their facilities.

We believe that our exposure to the negative impact of material fluctuations in gold and silver prices are limited, primarily due to the fact that (i) we adopt a real-time procurement policy for a significant portion of our gold and silver products, in particular for our gold bars and silvers bars sold through our self-operated online platform where our customers are generally required to make the online payment when they place the orders; and (ii) we have generally been able to maintain a very short turnover cycle for the OEM production of our gold and silver products and the chances for material fluctuations in gold and silver prices are relatively small within such short intervals. However, any significant fluctuations in the gold and silver prices may result in a substantial increase or decrease in market demand for gold and silver products in China, which in turn may affect the demand for our products to a similar extent. For example, if gold and silver prices plummet abruptly, there could be a significantly increased demand for our gold and silver products, in particular, gold bars and silver bars, from customers who purchase them for investment purposes with a view to benefiting from its appreciation value when gold and silver prices restore to or reach a higher level. On the contrary, if gold and silver prices surge within a short period of time, the demand for our gold and silver products may substantially decrease as we generally pass on the increases of cost to our customers who are in general very price sensitive. Any material increases of gold and silver prices for a prolonged period could have a material adverse effect on the demand for gold and silver products in the market including our products and hence our business, results of operations and prospects. While we believe the aforementioned observations generally apply in most cases, there could be deviations and potentially irrational customer behaviour which could result in an expected change in market demand for gold and silver products in China. The demand for gold and silver products has been increasing in the past decade from 2007 despite their overall price increases in general except for a downward trend between 2012 and 2015. Generally, the fluctuations in the market prices of gold and silver are positively correlated to each other with certain variations in fluctuation ranges. According to Frost & Sullivan, the demand and market prices for gold and silver are expected to increase generally in the foreseeable future, subject to certain political, financial, economic and industrial events and developments. During the Track Record Period, we were able to substantially expand our business and effectively manage our risk exposure while the market prices of gold and silver underwent considerable increases and decreases during such period. As we currently have a short operating history, our management will review and seek to optimize our procurement and inventory management and sales strategies on an ongoing basis to navigate our business through potential cyclical changes of gold and silver prices.

We believe we are not dependent on any single supplier for any raw materials to any material extent since our key raw materials, gold and silver, are commodities with standardised specifications available from a wide range of suppliers in the market and are widely traded on precious metal exchanges with transparent spot prices. During the Track Record Period, we had not encountered any disruption to our business as a result of shortage or significant fluctuations in trading prices of raw materials.

See the section headed "— Risk Management and Internal Control — Market Risks" for more information.

OEM Contractors and Jewellery Product Suppliers

During the Track Record Period, we outsourced the production of our certain self-branded products to OEM contractors. See the section headed "— Our Brands and Products — Our Production Through Arrangements with OEM Contractors" for more information about our relationship with OEM contractors.

In order to diversify our product offerings, we also distribute third-party branded jewellery products as principal. Our revenue from sales of third-party branded jewellery products accounted for less than 0.5% of our total revenue in each of 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively. Furthermore, we source jewellery products (including self branded and third-party branded) from a wide range of suppliers, including well-established overseas and domestic jewellery companies. We generally evaluate potential new suppliers for jewellery products based on their market reputation, financial condition, product quality, market receptiveness of products, innovation in designs. For overseas jewellery brands, we usually require the brand owners or distributor to grant us an exclusive distribution right in China. We implement stringent quality requirements for jewellery products supplied by third-party suppliers and conduct quality inspections on products delivered by the suppliers. We generally enter into annual framework agreement with our jewellery suppliers and deliver our purchase orders in accordance with our sales demand. We generally require our jewellery suppliers to deliver products within one week upon receipt of our purchase orders.

We closely monitor and minimize the time gap between the pickup of jewellery products (including self-branded and third-party branded) by us from our suppliers on the one hand and the delivery of jewellery products by us to our customers or the pickup of jewellery products by our customers from us on the other hand.

Our Product Delivery Service Providers

We engage Independent Third Party service providers for our product delivery. We entered into service agreements with major logistics service providers in China. None of our Directors, their associates or any Shareholder (which, to the knowledge of the Directors, owns more than 5% of our issued share capital) has any interest in any of our OEM contractors, third-party jewellery suppliers or third-party logistics service providers we engaged during the Track Record Period. See the section headed "— Our Logistics and Inventory Management — Arrangements with Delivery Service Providers" for more information.

Trend of Cost of Sales

The following table sets out an analysis of the cost of sales (at historical cost) by product category during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Amount	% of total costs	Amount	% of total costs	Amount	% of total costs	Amount	% of total costs	Amount	% of total costs
	(in thousands of RMB, except percentages)									
							(unaudited)			
Gold products	58,181	26.5%	408,989	55.6%	1,906,765	82.3%	1,364,463	80.3%	2,504,464	84.3%
Silver products	155,693	71.0%	312,924	42.5%	393,018	17.0%	321,791	18.9%	316,454	10.7%
Gem-set and other jewellery products	5,532	2.5%	13,954	1.9%	15,993	0.7%	12,692	0.8%	148,247	5.0%
Total	219,408	100%	735,866	100%	2,315,776	100%	1,698,945	100%	2,969,164	100%

The following table sets out an analysis of our Listing Segment cost of sales (based on prevailing market rates of silver ingots) by category of products during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Amount	% of total costs	Amount	% of total costs	Amount	% of total costs	Amount	% of total costs	Amount	% of total costs
	(in thousands of RMB, except percentages)									
							(unaudited)			
Gold products	58,181	23.1%	408,989	54.6%	1,906,765	82.2%	1,364,463	80.2%	2,504,464	84.3%
Silver products	188,450	74.7%	326,381	43.5%	395,956	17.1%	324,728	19.1%	316,454	10.7%
Gem-set and other jewellery products	5,532	2.2%	13,954	1.9%	15,993	0.7%	12,692	0.7%	148,247	5.0%
Total	252,164	100.0%	749,323	100.0%	2,318,714	100.0%	1,701,883	100%	2,969,164	100%

Cost of raw materials and finished goods, primarily including gold and silver, is a major component of our cost of sales. With respect to the sensitivity analysis of our cost of raw materials and finished goods (at historical cost and at prevailing market rates, respectively), see the section headed "Financial Information — Sensitivity Analysis" in this prospectus for more information.

Top Five Suppliers

Purchases from our five largest suppliers (at prevailing market rates) amounted to RMB290.2 million, RMB593.4 million, RMB2,177.8 million and RMB2,633.6 million for 2014, 2015, 2016 and the ten months ended 31 October 2017, respectively, representing 51.8%, 50.7%, 77.9% and 88.7% of our total purchases (at prevailing market rates) for the same periods. Purchases from the largest single supplier (at prevailing market rates) for 2014, 2015, 2016 and the ten months ended 31 October 2017 amounted to RMB206.8 million, RMB287.4 million, RMB1,147.6 million and RMB1,506.9 million, respectively, representing 36.9%, 24.6%, 41.1% and 50.8% of our total purchase (at prevailing market rates) for the relevant periods. Other than Longtianyong, all of our other top five suppliers did not overlap in each of 2014 and 2015. Our top five suppliers in 2016 overlap with those in the ten months ended 31 October 2017 as such suppliers offered desirable commercial terms and we plan to maintain business relationship with them going forward. Nevertheless, we do not rely on any single supplier and we select our suppliers primarily based on commercial terms they are willing to accept. Most of our purchases were settled in RMB by way of wire transfers. None of our Directors, their associates or any Shareholder (which, to the knowledge of the Directors, owns more than 5% of our share capital) has any interest in any of our five largest suppliers, other than Longtianyong, during the Track Record Period.

The following tables set forth certain information about our top five suppliers during the Track Record Period:

For the year ended 31 December 2014:

Supplier	Principal business[(1)]	Major types of products sold to us or service provided to us	Typical credit terms	Business relationship since	% of total purchases
Longtianyong, a wholly owned subsidiary of our Controlling Shareholder[(2)]	Manufacturing of high-grade silver ingots and operating precious metal exchange	Silver ingots	Payment on delivery	2014	36.9%
Supplier A	Sales of various kinds of goods and R&D and sales of chemical products	Gold products	Payment on delivery	2014	6.7%

Supplier	Principal business[1]	Major types of products sold to us or service provided to us	Typical credit terms	Business relationship since	% of total purchases
Supplier B	Investment, management, consulting, real estate brokerage and trading of various kinds of goods	Gold products	Payment on delivery	2014	3.0%
Supplier C (one of our OEM contractors)	Casting, manufacturing and sales of metal products and sales of various kinds of goods	OEM jewellery products	Payment on delivery	2014	2.9%
Supplier D	Design, development, casting, manufacturing and sales of jewellery products, trading and consulting	Gold products	30 days	2014	2.3%

For the year ended 31 December 2015:

Supplier	Principal business[1]	Major types of products sold to us or service provided to us	Typical credit terms	Business relationship since	% of total purchases
Longtianyong, a wholly owned subsidiary of our Controlling Shareholder[2]	Manufacturing of high-grade silver ingots and operating precious metal exchange	Silver ingots	Payment on delivery	2014	24.6%
Supplier E	Casting, manufacturing and sales of jewellery products, sales of other products, investment, management, marketing planning, consulting and other services	Gold products	30 days	2014	12.5%
Supplier F	Casting and sales of jewellery products, sales of other products and consulting	Gold products	Payment on delivery	2014	5.5%
Shanghai Tianbaolongfeng Gold and Silver Jewellery Sales Company Limited (上海天寶龍鳳金銀珠寶銷售有限公司) (one of our top five customers in 2015)[3]	Design and sales of jewellery products	Silver jewellery products	Payment on delivery	2014	5.2%
Supplier G (one of our OEM contractors)	Manufacturing, casting and sales of gold and silver products, sales of other products and leasing of self-owned properties	OEM jewellery products	Payment on delivery	2014	2.9%

For the year ended 31 December 2016:

Supplier	Principal business[1]	Major types of products sold to us or service provided to us	Typical credit terms	Business relationship since	% of total purchases
Supplier H (one of the PRC precious metal exchanges)	Exchange platform of gold, silver and platinum	Gold ingots	Payment on delivery	2016	41.1%
Supplier I	Design, R&D, manufacturing and sales of jewellery products	Gold products	Payment on delivery	2016	13.0%
Longtianyong, a wholly owned subsidiary of our Controlling Shareholder[2]	Manufacturing of high-grade silver ingots and operating precious metal exchange	Silver ingots	Payment on delivery	2014	11.4%
Supplier J	Design, manufacturing, casting and sales of jewellery products and commission agency services	Gold products	Payment on delivery	2016	8.8%
Supplier K	Casting, manufacturing and sales of jewellery products, sales of other products, investment, management, marketing planning, consulting and other services	Gold products	30 days	2014	3.7%

For the ten months ended 31 October 2017:

Supplier	Principal business[1]	Major types of products sold to us or service provided to us	Typical credit terms	Business relationship since	% of total purchases
Supplier H (one of the PRC precious metal exchanges)	Exchange platform of gold, silver and platinum	Gold ingots	Payment on delivery	2016	50.8%
Supplier I	Design, R&D, manufacturing and sales of jewellery products	Gold products	60 days	2016	12.9%
Supplier J	Design, manufacturing, casting and sales of jewellery products and commission agency services	Gold products	Payment on delivery	2016	9.4%
Longtianyong, a wholly owned subsidiary of our Controlling Shareholder[2]	Manufacturing of high-grade silver ingots and operating precious metal exchange	Silver ingots	30 days	2014	8.9%
Supplier K	Casting, manufacturing and sales of jewellery products, sales of other products, investment, management, marketing planning, consulting and other services	Gold products	Payment on delivery	2014	6.4%

Notes:

(1) The information of the business scope of the suppliers is based on the publicly available information as of 31 October 2017.

(2) The amounts for the silver ingots sourced from Longtianyong during the Relevant Period were calculated based on the then prevailing market rates. See the section headed "Financial Information — Explanatory Statement on the Presentation of our Group's Costs of Sales and Profitability" in this prospectus for more information.

(3) See the section headed "— Suppliers and Procurement — Overlapping Customers and Suppliers" for more information.

Overlapping Customers and Suppliers

In 2015 and 2016, one of our top ten customers was also one of our top ten suppliers during the same periods. This overlapping customer-supplier is Shanghai Tianbaolongfeng Gold and Silver Jewellery Sales Company Limited (上海天寶龍鳳金銀珠寶銷售有限公司). See the sections headed "— Customers — Top Five Customers" and " — Suppliers and Procurement — Top Five Suppliers" for more information. Since this overlapping customer-supplier engages in selling jewellery products, we sourced certain jewellery products from it to the extent its selling price is competitive, and we also sold our silver products (mainly silver bars) to it on a wholesale basis. We believe such arrangement is in line with our commercial interest. In 2014, we also sourced gold bars in an aggregate amount of approximately RMB8.4 million from this supplier, but we did not sell any jewellery products to it in that year.

The following table sets out our total sales revenue from and our purchases amount from this overlapping customer-supplier in 2015 and 2016.

	For the year ended 31 December		
	2014	2015	2016
	(in thousands of RMB, except for percentages)		
Sales to the overlapping customer-supplier			
Sales revenue	—	85,940	57,140
As a percentage of our total sales revenue	—	10.3%	2.3%
Gross profit	—	12,891	10,154
Purchases from the overlapping customer-supplier			
Purchase amount	8,400	61,130	44,780
As a percentage of our total purchases (at prevailing market rates)	1.5%	5.2%	1.6%

Our Directors confirm that our sales to and our purchases from such overlapping customer-supplier were (i) entered into after the due consideration taking into account the prevailing purchase and selling prices at the relevant times, (ii) conducted in the ordinary course of business under normal commercial terms and on an arm's length basis, and (iii) at prices that are no less favourable than from other Independent Third Parties who are not customer-supplier. To the best knowledge of our Directors, we did not have any other overlap between our other major customers and major suppliers during the Track Record Period and up to Latest Practicable Date.

OUR LOGISTICS AND INVENTORY MANAGEMENT

Warehouse and Order Fulfilment Facilities

As of the Latest Practicable Date, we had one warehouse located in Shenzhen with a gross floor area of approximately 1,300 square metres, which also serves as our fulfilment centre with an existing capacity to handle approximately 30,000 orders per day.

Our ERP system tracks the inventory information in real time and enables us to continuously improve the space utilization and operational efficiency of our warehousing facilities. Our ERP system enables us to closely monitor each step of the order fulfilment process from the time a purchase order is confirmed to when the product is packaged and picked up by a logistics service provider or courier company for delivery. At our warehouse, inventory is tracked through our system, allowing real time monitoring of inventory levels across our logistics network and item tracking to avoid unauthorised transfers of the products we sell across the online sales channels and offline sales and service network. We generally fulfil all orders from our end customers within 48 hours after we receive the order, provided that orders are made before 4:00 p.m. that day. We have also purchased delivery security insurance from China Taiping Insurance for all of our products distributed through our self-operated online platform. For customers who prefer to pick up products in person, we will also arrange delivery to our CSmall Shops for pick-ups.

We implemented security control and operational procedures in our warehouse and we are also covered by customary insurance including all-risk insurance for our warehouse. We will upgrade the IT infrastructure on an ongoing basis to better support our warehousing and logistics management in light of our business needs. We believe these changes will improve our end consumers' shopping experience, which will ultimately boost our sales.

Arrangements with Delivery Service Providers

We deliver orders placed on our online platform to all areas of China through express delivery services by well-established third-party courier companies with nationwide coverage. As of 31 October 2017, we entered into service contracts with three courier companies. Some of our online customers who place large orders with us would take delivery of their orders directly from us.

We enter into service agreements with our logistics service providers for a term generally ranging from one year to two years. Under the terms of our current service agreements, we are entitled to terminate these agreements if the delivery service providers fail to satisfy our standards and requirements. As we also offer the option of payment-on-delivery for certain of our products to our customers, we may also authorise certain courier company to collect the full payments of the online purchase from our customers when they deliver the products and we will settle the amounts with such courier companies on a monthly basis. For our gold bars sold through our self-operated online platform, we generally require online payment by customers when they place orders from us and do not offer payment-on-delivery options for customers for such gold bars. We would generally bear the risk of loss or damage relating to the transportation and delivery of our products unless the loss or damage is resulted from the fault of the third-party logistics service providers, and in that case the third-party logistics service providers shall indemnify us for the loss or damage incurred subject to certain cap on the amount of indemnification. To mitigate such risks, we have purchased product delivery security insurance from China Taiping Insurance to insure the losses or damages relating to the transportation and delivery of our products that are not attributable to our fault.

Our arrangements with Independent Third Party courier companies allow us to reduce our capital investments in developing and maintaining an in-house logistics system. In 2014, 2015, 2016 and the ten months ended 31 October 2017, the service fees we incurred with respect to delivery services provided by courier companies accounted for less than 0.3% of our total revenue during the same periods. The risks relating to transportation and delivery of products are also transferred to third-party and courier companies. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delays or improper handling of goods that materially and adversely affected our business operations. Furthermore, there are sufficient replacement courier companies in China that offer similar terms as our existing ones, and we do not anticipate any shortage in logistics services in the foreseeable future.

Inventory Management

In order to minimise our inventory carrying costs and the use of our working capital, we strive to maintain optimal inventory levels. During the Track Record Period, our inventory were finished products sourced from OEM contractors or third-party suppliers. We did not have any provision for inventory during the Track Record Period. In 2014, 2015, 2016 and the ten months ended 31 October 2017, our inventory turnover days (based on cost of sales at historical cost) were 28.1 days, 23.9 days, 32.1 days and 28.3 days, respectively, and our inventory turnover days (based on cost of sales at prevailing market rates) were 24.4 days, 23.5 days, 32.0 days and 28.3 days, respectively. See the sections headed "Financial Information — Certain Balance Sheet Items — Inventories" and "Financial Information — Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" in this prospectus for more information.

Each item of merchandise that we offer has a unique SKU for identification in our system. We have equipped Jiangxi Jiyin's warehouse, our warehouse in Shenzhen, our Shenzhen Exhibition Hall and a portion of our self-operated CSmall Shops and jointly operated CSmall Shops with our ERP system that tracks the sales and inventory levels. Any sales made by our online sales channels are recorded directly in our system.

Our profitability is reduced when our inventory is held for excessive periods of time. Accordingly, we may hold promotional events to sell slow-moving products at a discount. We believe that our use of various offline and online sales promotional events helps us dispose of slow-moving items and reduces our inventory risks, which improves our cash flow management and overall profitability.

QUALITY CONTROL

We have equipped our warehouse located in Shenzhen with machineries for testing precious metals, including gold and silver. As of 31 October 2017, we had twelve employees responsible for quality inspections who on average had approximately four years' of experience in the relevant area. We require the OEM contractors and third-party jewellery suppliers to conduct quality testing for all products they supplied to us at qualified jewellery quality inspection centres. In our agreements with our OEM contractors, we have imposed stringent quality requirements. When we receive the delivery of products from OEM contractors, we conduct sample tests of the physical integrity and chemical composition of the finished products produced by such OEM contractors or jewellery suppliers to ensure that they meet our quality standards. Before our jewellery products are arranged for order fulfilment, they are subject to another quality inspection process by us. We require our third-party jewellery suppliers to provide us with authentication certificates issued by qualified jewellery quality inspection centres for their jewellery products provided to us.

TECHNOLOGY

As an integrated online and offline jewellery retailer, IT is critical to our business and success. We rely on our integrated IT systems to support all the important aspects of our business. For example, we manage our inventory through our ERP system. See the section headed "— Our Logistics and Inventory Management" for more information. Our Technology Centre is responsible for the development and maintenance of our integrated IT system and, as of 31 October 2017, there were 32 full-time employees. We developed the infrastructure of our IT system by ourselves. As of 31 October 2017, we held eleven registered domain names and eight registered software copyright. We outsource certain development projects to third-party contractors from time to time. We obtain the relevant source codes from such third-party contractors and are able to conduct further development and modification based on it. We routinely back-up, maintain and upgrade our IT system. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material malfunction of our IT system.

WARRANTIES AND CUSTOMER SERVICES

We provide our customers with authentication certificates issued by AQSIQ-approved jewellery quality inspection centres for our jewellery products, and we also provide a guarantee to our customers that we will pay a penalty of up to ten times the purchase price for our products if any AQSIQ-approved jewellery quality inspecting centre certifies them to be inauthentic or defective. We have also maintained quality assurance insurance for all of our jewellery products distributed through our self-operated online platform from China Taiping Insurance to provide online shoppers additional assurance that sales on our online platform are genuine. There had been no material refunds, returns or complaints related to product quality during the Track Record Period and up to the Latest Practicable Date. We had not recalled any product during the Track Record Period and up to the Latest Practicable Date. See the section headed "— Insurance" for information on our quality assurance insurance.

Other than gold bars and silver bars which are not returnable unless they are proved inauthentic, we offer a seven-day free return for all of our jewellery products distributed through our online sales channels and offline sales and service network, provided that the products are returned in their original state without damage by our customers. The courier costs of returning jewellery products are borne by our customers. The aggregate sales amount of jewellery products returned by our customers accounted for less than 2% of our total sales revenue for each year in 2014, 2015, 2016 and the ten months ended 31 October 2017. Based on the customer feedback we collected, the major reasons for products returns included that the jewellery products did not meet the relevant customers' actual needs or preferences.

Customer service has always been important to us and to the success of our business. We have established dedicated customer hotlines, including a national hotline at 4001500100 and an after-sales hotline at 4008860022, to serve our customers. As of 31 October 2017, our dedicated customer service team had approximately 18 full-time employees, who are ready to respond to customers' queries and provide after-sales service, including products return and exchange requests. In addition, our customer service systems gather customer feedback data, which will subsequently be digitised and classified based on various categories, including topics of enquiries, products in question and different sales channels.

For jewellery products, we offer a number of after-sales services, such as complimentary cleaning services, resizing of rings, polishing of bracelets and trade-in services for gold and silver jewellery products without mounted gemstones. Our Shenzhen headquarter and our CSmall Shops provide on-the-ground after sales services to all of our customers. No provision for a product warranty was made during the Track Record Period since the after sales services provided by the Group, such as resizing of rings, cleaning and polishing, incur only insignificant labour costs. There had been no material refunds, returns or complaints related to product quality during the Track Record Period and up to the Latest Practicable Date.

MARKETING AND PROMOTION

Marketing and Promotion Initiatives and Sponsorships

Our marketing and promotion strategy has played an important role in the enhancement of our brand recognition and the increase in our sales. Other than our diversified and crossover sales and marketing initiatives, we also conduct flash sales of jewellery products including gold bars on our self-operated online platform. Specifically, we consider offering gold bars at competitive prices on our self-operated online platform can achieve positive outcome in the form of (i) increased customer traffic; (ii) both increased revenue and profits in absolute amounts; and (iii) promoting our CSmall brand. As a result, we have began employing marketing strategies specifically focusing on promotional sales of gold bars at competitive prices since 2015. We have also initiated other marketing activities through social media platforms and certain major websites in China, to increase our brand awareness and to increase word-of-mouth referrals. We also use a wide variety of media, ranging from traditional channels such as print and television media, to promotional events, exhibitions, and various sponsorships to market the brands we carry.

The following table sets out certain of our recent sales and marketing campaigns:

Time	*Descriptions*
April 2017	We participated in the Beijing International Jewellery Fair held in China International Exhibition Centre.
February 2017	We were the official sponsor and exclusive jewellery product provider of China Volleyball League All-star Game.
September 2016	We sponsored the 25th Golden Rooster and Hundred Flowers Film Festival (第25屆金雞百花電影節), to promote our brands and products.
September 2016 and September 2015	We participated in the Shenzhen International Jewellery Exhibition to exhibit our innovation in product designs and promote our self-operated online sales platform.
June 2016	We sponsored the 16th China Ornamental Column Awards (第16屆中國電影華表獎) to promote our brands and products.

Time	*Descriptions*
September 2015	We were an honorary organizer and honour exhibitor of EXPO Milano 2015 China and Italy International Jewellery Exhibition and Jewellery Design Competition.
September 2015	We sponsored the grand ceremony of the "2015 Star Show" organized by the Trends Group, which was attended by numerous celebrities, to promote our brands.

In 2014, 2015, 2016 and the ten months ended 31 October 2017, our marketing expenses were RMB3.1 million, RMB9.8 million, RMB20.4 million and RMB15.9 million, accounting for 1.1%, 1.2%, 0.8% and 0.5%, respectively, of our total revenue during the same periods.

AWARDS AND RECOGNITIONS

We have won various awards and recognition for our products and services, jewellery designs and business potential. The table below sets out certain of such awards and recognition obtained by the Group as of the Latest Practicable Date:

Year of Grant	**Award/Recognition**	**Awarding Body**
2017	Deputy Member of the Standing Committee (常務副會長單位)	Shenzhen Big Data Research and Development Association
2017	Deputy Member of the Standing Committee (常務副會長)	Gems & Jewellery Trade Association of China (GAC), Silver Branch
2016	Most Commercially Valuable Prize (最具商業價值獎)	Internet Society of China
2016	Innovative Award for Internet Application of E-commerce Services - Gold Award (互聯網應用電商服務 - 創新獎、金獎)	TopDigital Awards
2015	Honour Exhibitor and Honorary Organizer (榮譽承辦方、榮譽參展方)	EXPO Milano 2015 China and Italy International Jewellery Exhibition and Jewellery Design Competition (2015年米蘭世博會中意國際珠寶展暨中意國際珠寶設計大賽)
2016	Invest-worthy Award (投資價值獎)	"The Belt and Road" Art Boutique Exhibition (首屆國家重點文化企業和項目展交會暨"一帶一路"藝術精品展)
2016	Gold Award and Outstanding Award for Best Heritage (金獎、最佳傳承獎)	The Second Across the Taiwan Straits Sculpture Competition (第二屆海峽兩岸雕刻藝術大賽)

Leveraging on our market leading position, in August 2016, we solely established the Commission of Online Jewellery Retailers under CECA, a national industry association on e-commerce in China that was initiated by MIIT and approved by the State Council. The objectives of the Commission of Online Jewellery Retailers include the enhancement of cooperation among associations in the online jewellery retail market and the establishment a platform to provide trainings on online jewellery retailing, thereby improving the development of online jewellery sector in China.

SEASONALITY

Our business and operating results generally do not subject to seasonal fluctuations. During the Track Record Period, our sales activities were more active when we launched certain targeted marketing initiatives from time to time, for example, during the PRC National Day holidays (the Golden Week), Single's Day online shopping festival, Christmas, Chinese New Year holidays and Valentine's Day.

COMPETITION

In terms of sales channels, the jewellery retail market in China are categorised into two segment markets, comprising the offline jewellery retail market and online jewellery retail market. Participants in the offline retail market are jewellery retailers which generate a majority of their sales revenues from offline transactions, and participants in the online retail market are jewellery retailers with a majority of their sales revenues from online transactions. We believe that not all participants within the jewellery retail industry in China are considered our core competitors due to differences in, among others, operating models and sales channels, target customer base and product offerings. As we focus on and specialise in the integrated online and offline jewellery retail market in China, we believe that our core competitors are online jewellery retailers, including those which adopt an integrated online and offline sales model or a pure online sales model.

The online jewellery retail market in the PRC is highly fragmented with numerous market participants. We believe there are barriers to enter the online jewellery retail industry, which primarily include (i) large initial and ongoing capital investment required, (ii) building and operating sales and distribution network, (iii) establishing and maintaining strong relationships with raw material suppliers, (iv) strong design capabilities, and (v) establishing and maintaining a stable customer base. We are confident that with our competitive strengths and our further efforts to leverage and enhance our New Jewellery Retail Model will allow us to remain competitive in the integrated online and offline jewellery retail market in China.

We are a leading online jewellery retailer in the PRC operated under an integrated online and offline retail structure with significant growth in the past few years. In terms of the expansion and enhancement of our integrated online and offline jewellery retail structure, as of 31 October 2017, we distributed our products through 32 online sales channels (comprising our self-operated online platform and 31 third-party online sales channels) and 118 offline sales and service channels (comprising 115 CSmall Shops, Shenzhen Exhibition Hall and two third-party offline points of sale (being commercial banks)), while the other industry players had a smaller scale and coverage of their online and offline sales network. For example, the other top eight industry peers generally had one to five online sales channels and two to 89 offline sales channels, according to Frost & Sullivan. As measured by the sales revenue in 2016, we ranked first in both the PRC online jewellery retail market and integrated online and offline retail jewellery market, with a market share of 5.3% of 7.3%, respectively. We had the largest number of registered user accounts among the PRC integrated online and offline jewellery retailers as of 31 December 2016. We are one of the early movers in the PRC to establish multi-brand jewellery stores as opposed to traditional mono-brand jewellery stores. Moreover, we adopted diversified sales and marketing initiatives, including our crossover sales and marketing models such as CSmall Gift initiatives. According to the customer surveys conducted by Frost & Sullivan, we are well recognised by our customers for the authenticity and quality of jewellery products, which significantly contribute to our brand recognition in the PRC. We have been committed to the development of our data collection, mining and analytical capabilities to enhance our customers' shopping experience and our business growth. See the section headed "— Our Competitive Strengths" for more information.

EMPLOYEES

As of 31 October 2017, the Group had a total of 387 employees in the PRC. The following table sets forth a breakdown of the number of our employees by function as of the same date:

Function	Number
Senior management (including our legal and compliance personnel)	11
Sales and marketing	161
Product development (including our R&D team)	46
Warehousing and logistics	75
IT	32
Finance	27
Human resource and administration	35
Total	387

We primarily recruit our employees through internal referrals, on-campus job fairs and online channels, and we also recruit key professionals through recruitment agency. Our senior management personnel may also participate in live television recruitment shows with a view to promoting our corporate culture and attracting talents from a wide range of fields in China. We believe that our employees are the most valuable resources in achieving our success and we provide them with various opportunities for upgrading their skills.

Tailored training by internal speakers or external consultants is provided for our employees. For example, fresh graduates and other newly recruited staff are provided with training mainly focusing on company introduction and working procedures; and sales staff are offered training in customer service, our products and jewellery knowledge.

As part of our strategy to retain qualified personnel, we offer employees competitive salaries, performance-based bonuses, allowances and other incentives. The Group determines employee remuneration packages based on each employee' job function, performance and seniority. For salespersons, they are entitled to salary and performance-based bonuses. The Group has adopted a review system to assess the performance of its employees, which forms the basis of the Group's decisions regarding promotions, salary increments, and bonuses.

As required under PRC regulations, we participate in housing funds and various employee social security plans that are organised by applicable local municipal and provincial governments, including medical, pension, work-related injury, maternity and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees. We had not formed any labour union as of the Latest Practicable Date. We believe that we maintain a good working relationship with our employees and we had not experienced any material labour disputes during the Track Record Period and up to the Latest Practicable Date.

We have also adopted Employee Share Scheme. See the section headed "History, Reorganisation and Group Structure — the Reorganisation, Employee Share Scheme and Pre-IPO Investments — Employee Share Scheme" in this prospectus for more information.

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We have implemented procedures to provide its workers with a safe and healthy working environment by establishing work safety rules in the staff manual for the operation and warehousing staff to follow. Further, we provide our employees with training to enhance their awareness of safety issues. During the Track Record Period and up to the Latest Practicable Date, there had been no material breach of work safety rules by the Group's operation and warehousing staff, and the Group had not experienced any significant incidents or accidents in relation to workers' safety or any non-compliance with the applicable laws and regulations relevant to the work safety and health issues. We do not have formal protocols over social responsibility and environmental protection matters. The Directors believe the nature of our business operations would not impose any serious threats to these concerns.

PROPERTIES

As of the Latest Practicable Date, we did not own any property. As of the same date, we leased five properties in the PRC. The leased properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are principally used as production facilities, offices, warehouses and retail stores. Our leased properties range from a gross floor area of approximately 20 square metres to approximately 3,610 square metres. The term of our leases ranges from one year to eight years, renewable upon mutual agreement. We do not foresee any impediments in renewing our existing leases. As of the Latest Practicable Date, lessors of all of our leased properties in the PRC have provided us with valid title certificates. All lessors of our leased properties were, as of the Latest Practicable Date (other than Longtianyong, a wholly owned subsidiary of our Controlling Shareholder), Independent Third Parties. See the section headed "Connected Transactions" for details on our transaction with Longtianyong. The key terms of the lease agreements for our five leased properties are summarised as follows:

Property	Floor area	Duration	Rental Amount	Option for Renewal
	(square metres)		(in RMB)	
Property A, which is leased for our Shenzhen Exhibition Hall as office, showroom and warehouse	3,610	Three years (from May 2017 to May 2020)	361,000 per month	Renewable upon mutual agreement
Property B, which is leased for our Shenzhen Exhibition Hall as office, showroom and warehouse	1,288	Three years (from May 2017 to May 2020)	64,400 per month	Renewable upon mutual agreement
Property C, which is leased from Longtianyong for Jiangxi Jiyin as production facilities and office	878	One year (from February 2018 to January 2019)	150,000 per year	Renewable upon mutual agreement
Property D, which is leased for Baiyin Town as office	20	One year (from October 2017 to October 2018)	10,000 per year	Renewable upon mutual agreement
Property E, which is leased for our CSmall Gift shop and self-operated CSmall shop in Huzhou, Zhejiang province	378	Eight years (from January 2018 to December 2025)	Free of charge for the first three years, and 35,000 per year thereafter	Renewable upon mutual agreement

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. As of the Latest Practicable Date, we had properly registered one property lease contract out of the five properties we leased in the PRC, and we had not obtained proper lease registration for the remaining properties, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. The registration of such leases will require the cooperation of our lessors. Our PRC Legal Adviser has advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under PRC law, and has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB30,000.

As of the Latest Practicable Date, we entered into a property use contract with Jingning Shezu Autonomous County State-owed Assets Investment Co., Ltd. (景寧畲族自治縣國有資產投資經營有限公司), pursuant to which we are granted with the right to use a property with a floor area of approximately 462.6 square metres located in Jingning, Zhejiang free of charge for a term of 17 years from 1 September 2016 in order to leverage our leading market share and extensive customer base to promote the local silver culture. We use such property for exhibition of our jewellery products to promote the silver related culture and the exhibition commenced on 29 March 2017. As of the Latest Practicable Date, we have not been provided with any title certificate for such property. Furthermore, the property use contract provides that the counterparty may withdraw the authorisation to us at anytime at its discretion. As a result, there are risks that we may not be able to continue to use the property or be able to relocate our exhibition to other premises based on commercially reasonable terms, or at all. However, since we do not intend to use the property to generate substantial revenue other than establishing a souvenir shop at the exhibition site, we believe that the revocation of the authorisation for us to use the property would not have material adverse impact on our business or financial position.

According to Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our Group's interests in land or buildings, for the reason that as of the Latest Practicable Date, we did not own any property.

INTELLECTUAL PROPERTIES

As of the Latest Practicable Date, in the PRC, we had 50 registered trademarks and pending applications for 16 additional trademarks, and we also had 19 registered and valid design patents and pending application for one design patent. As of the Latest Practicable Date, we held eleven registered domain names and eight registered software copyrights in the PRC. As of the same date, we held eight registered trademarks in Hong Kong. Further information of our intellectual property are set out in the section headed "Appendix V — Statutory and General Information — B. Further Information about Our Business — 2. Key Intellectual Property Rights of Our Group" to this prospectus.

During the Track Record Period, we had not entered into any intellectual property agreements with our external designers with respect to their designs. Absent such agreements, we may be subject to legal proceedings on claims from third parties who own the intellectual property relating to or involving the product designs of our external designers. Furthermore, the designers may re-sell the designs to other third parties which could result in our infringement of the intellectual property rights of such third party thereby resulting in significant loss for us. See the section headed "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to intellectual property infringement claims which may be expensive to defend and may result in significant liabilities" in this prospectus for more information. We generally require our cooperated art and design institution and colleges and our external designers from whom we purchase jewellery designs enter into a form of intellectual property agreement with us, pursuant to which they agree not to sell any of the product designs to any third party other than us and shall indemnify us for any liability of any infringement of third-party intellectual property rights arising from or relating to their products designs sold to us.

The Directors confirm that there had been no material infringement of our intellectual property rights or material intellectual property claims against us during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain security service arrangements and inventory insurance policies for the inventory at our warehouse in Shenzhen against theft and certain force majeure events. Since we rely on third-party courier service providers to deliver our jewellery products sold through our self-operated online platform, we purchase delivery security insurance from China Taiping Insurance.

We have also maintained quality assurance insurance from China Taiping Insurance for all of our jewellery products distributed through our self-operated online platform to provide online shoppers additional assurance that sales on our online platform are genuine. We believe our stringent quality control procedures and our sound track record of product quality are critical in the underwriting process of China Taiping Insurance. Under the quality assurance insurance policies, customers are entitled to a full refund of the purchase price of jewellery products from us if any AQSIQ-approved jewellery quality inspection centres certifies the products to be inauthentic or defective. The quality assurance insurance agreement, primarily based on China Taiping Insurance's standard terms, has a term of one year, renewable upon mutual agreement. We had not experienced any claims under the quality assurance insurance during the Track Record Period and up to the Latest Practicable Date.

In 2014, 2015, 2016 and the ten months ended 31 October 2017, our total insurance expenses was approximately RMB9,739, RMB115,898, RMB127,955 and RMB403,251, respectively. The Directors believe that the insurance coverage maintained by the Group over its products and inventories is generally sufficient for its operations and in line with the industry norm in China. However, we cannot assure that our insurance policies are sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. For more information about the risk associated with our insurance coverage, see the section headed "Risk Factors — Risks Relating to Our Business and Industry — We have limited insurance coverage, which could expose us to significant costs and business disruption" in this prospectus for more information.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Systems

We have designed and implemented risk management policies to address various potential risks identified in relation to business operations, including market risks, credit risks and operational risks. Our risk management policies set forth procedures to identify, analyse, categorise, mitigate and monitor various risks. Our Board is responsible for overseeing our overall risk management and assessing and updating our risk management policies. See the section headed "Directors and Senior Management" in this prospectus for the qualifications and experience of our Directors. Our risk management policies also set forth the reporting hierarchy of risks identified in our operations.

Market Risks

We are mainly exposed to the risk of foreign exchange fluctuations in connection with our registered capital contributed by our controlling shareholder, China Silver Group, in U.S. dollars and HK dollars. Our Directors believe we do not have significant foreign exchange exposures and currently does not have a foreign currency hedging policy. We will consider the use of hedging arrangements to reduce the currency exposures in case the foreign exchange exposures become significant.

We do not conduct any hedging activity in connection with the prices of raw materials we use in our products and we manage risks related to the fluctuations in prices of raw materials mainly by passing on additional costs to our customers through higher selling prices. See the sections headed "Risk Factors — Risks Relating to Our Business and Industry — Fluctuations in prices, or any unavailability, of the raw materials that we use in our products and finished goods may materially and adversely affect our business, results of operation or financial condition" and "Financial Information — Sensitivity Analysis" in this prospectus for more information.

Credit Risks

We are exposed to credit risks in relation to amounts due from related parties and other receivables. Our credit risk arises from default by our counterparties. We monitor our receivable balances on an ongoing basis. See the section headed "Financial Information — Financial Risk Management — Credit Risk" in this prospectus for more information.

Operational Risks

Compliance with PRC laws and regulations, especially laws and regulations governing the Internet e-commerce industry as well as trade matters are major focus areas of our operational risk management. We have a legal team of two members with an average 14 years of experience in legal and compliance matters who are responsible for ongoing compliance of our operations with PRC laws and regulations. The legal team is also responsible for obtaining and maintaining all the necessary permits and licenses required for our operations.

Internal Control

We are dedicated to the establishment and maintenance of an internal control system. We have adopted and implemented on-going risk management policies and corporate governance measures in various aspects of our business operations such as financial reporting, interest rate and cash flow management, legal compliance, intellectual property rights management and human resources management.

LEGAL PROCEEDINGS

As of the Latest Practicable Date, there had been no litigation or arbitration or administrative proceedings pending or threatened against the Group or any of the Directors which could have a material adverse effect on the Group's financial condition or results of operations.

LICENCES, REGULATORY APPROVALS AND COMPLIANCE

During the Track Record Period, Shenzhen Yinruiji, which was accounted for as our subsidiary by virtue of the Contractual Arrangements it had entered into with us, had held the VAT Licence (ICP) (Licence No：粵B2-20140169) for Internet information services and it had operated our online business and conducted direct sales of our products through our self-operated online platform under such licence. However, our PRC Legal Adviser has advised us that, according to the Classification Catalogue of Telecommunications Business (《電信業務分類目錄(2015年版)》) and relevant laws and regulations regulating value-added telecommunications businesses in the PRC, as Shenzhen Yinruiji operated e-commerce business, it should have operated its business under a value-added telecommunications licence for online data processing services (operating ecommerce), namely VAT Licence (EDI), rather than the VAT Licence (ICP) it obtained. Our PRC Legal Adviser has also advised us that the maximum administrative penalty that may be imposed on an enterprise for not operating the services as prescribed in the relevant value-added telecommunications licence is the confiscation of the income generated by such operation and a fine of not less than three times and not more than five times the income generated by such operation.

Guangdong Provincial Communications Administration has confirmed on 23 March 2017 and 8 August 2017 that it will not penalise Shenzhen Yinruiji in respect of its operation of online e-commerce business under the VAT Licence (ICP) as: (1) historically, the issuance of value-added telecommunications licences did not strictly corresponded with the business scope of the relevant enterprises which were granted such licences; (2) the qualification application materials or information that is required to be submitted to apply for a value-added telecommunications licence for information service provider and a value-added telecommunications licence for online data processing and transaction process (operating ecommerce) is also identical; and (3) Shenzhen Yinruiji has met the qualifications as required under the applicable PRC laws and regulations to operate the online data processing and transaction processing services and has submitted all materials in accordance with the requirements of Guangdong Provincial Communications Administration.

Our PRC Legal Adviser confirms that Guangdong Provincial Communications Administration, as a local counterpart of MIIT, is the relevant competent authority to grant and supervise the value-added telecommunications licences under the Telecommunications Regulations of the PRC (《中華人民共和國電信條例 》) and the Administrative Measures for Telecommunications Businesses Operating Licensing (《電信業務經營許可管理辦法 》) in Guangdong Province. Our PRC Legal Adviser also advises that it is within the authority of Guangdong Provincial Communications Administration to issue the confirmation that it will not penalise Shenzhen Yinruiji in respect of its operation of online e-commerce business under the VAT Licence (ICP), and the facts and reasons which Guangdong Provincial Communications Administration's confirmation has based upon are in compliance with the rules under the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) and the Administrative Measures for Telecommunications Businesses Operating Licensing (《電信業務經營許可管理辦法》). Furthermore, our PRC Legal Adviser advises that it is unlikely that the said confirmation of Guangdong Provincial Communications Administration will be revoked, overturned or challenged by its higher regulatory authority because (i) under Telecommunications Regulations of the People's Republic of China (《中華人民共和國電信條例》) and Administrative Measures for the Licensing of Telecommunications Business (《電信業務經營許可管理辦法》), Guangdong Provincial Communications Administration, as a provincial level authority, is the competent authority to grant and supervise the value-added telecommunications licences within the administrative region of Guangdong Province; Guangdong Provincial Communications Administration is the local communications administration delegated by MIIT and is in charge of the supervision and administration of telecommunication business in Guangdong Province according to law; (ii) the facts stated and acknowledged in the letters issued by Guangdong Provincial Communications Administration comply with Telecommunications Regulations of the People's Republic of China and Administrative Measures for the Licensing of Telecommunications Business from the legal perspective; and (iii) as of 19 October 2017, based on public search on the official website of MIIT (http://www.miit.gov.cn/), there was no such precedent where MIIT imposed penalty on a company for operating online e-commerce business under the VAT Licence (ICP) as granted by provincial level authorities.

We terminated the Contractual Arrangements on 22 August 2017 after our subsidiary, Baiyin Town obtained the VAT Licence (EDI) and all the conditions precedent of the Contractual Arrangement Termination Agreement have been satisfied. Since 22 August 2017, our online jewellery business has been operated by Baiyin Town. See the section headed "History, Reorganisation and Group Structure — Our Former Subsidiaries And The Terminated Contractual Arrangements" in this prospectus for more information. Details of the VAT Licence (EDI) as obtained by Baiyin Town are as follows:

License	Holder	Grant Date	Expiration Date	Description of the Licence
VAT Licence (EDI)	Baiyin Town	31 July 2017	30 July 2020	Permit for providing online data processing and transaction processing services (operating e-commerce)

During the Track Record Period, Shenzhen Guoyintongbao, our wholly owned subsidiary, did not contribute in full to the social insurance funds for its employees based on the actual wages of employees as the local government authorities implemented the relevant laws and regulations according to certain different prescribed thresholds. The total amount of the shortfall in the contribution to the social insurance funds for employees was approximately RMB1.15 million during the Track Record Period.

On 3 August 2017 and 25 August 2017, we obtained confirmation letters from Shenzhen Social Insurance Bureau confirming that we would not be required to pay the difference or be imposed with any fines or other measures. Our PRC Legal Adviser, is of the view that: (i) Shenzhen Social Insurance Bureau is a competent authority issuing the above-mentioned confirmation; (ii) based on the confirmation letters, we are not in material non-compliance with the relevant laws and regulations relating to contributions to social insurance funds, and (iii) it is highly unlikely that we will be penalised for not contributing to social insurance funds based on the actual wages of employees. The Group commenced to contribute in full to the social insurance funds for its employees based on the actual wages in accordance with the PRC laws and regulations from 1 March 2017. Our Directors also confirm, individually and severally, that this incident does not constitute to our material non-compliance nor will such incident result in any material and adverse operational or financial impact on us.

Our Directors, as advised by our PRC Legal Adviser, have confirmed that as of the Latest Practicable Date, there were no breaches or violations of PRC Laws applicable to the Group that would have a material adverse effect on our Group's business or financial condition taken as a whole. Our Group has obtained all material licences, approvals and permits from appropriate regulatory authorities for our business operations in the PRC during the Track Record Period and up to the Latest Practicable Date.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICE

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "**Telecommunications Regulations**"), promulgated by the State Council on 25 September 2000 and amended on 29 July 2014 and 6 February 2016, categorise telecommunications services into basic telecommunications services and value-added telecommunications services. The Telecommunications Regulations require telecommunications services providers to obtain an operating license prior to the commencement of their operations. According to the Catalogue of Telecommunications Business (《電信業務分類目錄(2015年版)》), attached to the Telecommunications Regulations, which was by the Ministry of Information Industry of the PRC (the "**MII**", which is the predecessor of MIIT) on 21 February 2003 and amended by the MIIT on 28 December 2015, the service of online data processing and transaction processing falls within value-added telecommunications services.

The Administrative Measures for Telecommunications Businesses Operating Licensing (《電信業務經營許可管理辦法》) (the "**Administrative Measures**"), which was promulgated by the MIIT and became effective on 10 April 2009, further regulate the telecommunications business licensing. The types of the telecommunications business operation licenses are divided into Basic Telecommunication Business Operation License (基礎電信業務經營性許可證) and Value-added Telecommunication Business Operation License (增值電信業務經營性許可證). Value-added telecommunications services providers shall apply, use and modify the Value-added Telecommunication Business Operation License according to the Administrative Measures.

Restriction on Foreign Investment

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (revised in 2016) (《外商投資電信企業管理規定》(2016修訂)), which was promulgated by the State Council on 11 December 2001 and amended on 10 September 2008, 6 February 2016, respectively. The regulations require foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign equity joint ventures, which the foreign investors may acquire up to 50% of the equity interests of such enterprise. Foreign investors that meet these requirements must obtain approvals from the MIIT and the MOFCOM, or their authorised local counterparts, for its commencement of value-added telecommunication business in China.

On 13 July 2006, the MII released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the "**MII Notice**"), pursuant to which, if any foreign investor intends to invest in telecommunications business in China, a foreign-invested telecommunications enterprise must be established and such enterprise must apply for the relevant telecommunications business operation licenses. Furthermore, under the MII Notice, domestic telecommunications enterprises may not rent, transfer or sell a telecommunications business operation license to foreign investors in any form, nor may they provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Notice, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

Exception Regulations on Foreign Equity Ratios in Online Data Processing and Transaction Processing (Operating E-commerce) Business

Investment activities in the PRC by foreign investors are mainly governed by the Guidance Catalogue of Industries for Foreign Investment (revised in 2017) (《外商投資產業指導目錄(2017年修訂)》) (the "**Catalogue**"), which was promulgated jointly by MOFCOM and NDRC on 28 June 2017 and became effective on 28 July 2017. The Catalogue divides industries into four categories in terms of foreign investment, which are "encouraged", "restricted", "prohibited" and all industries not listed under one of these categories are deemed to be "permitted". According to the Catalogue, the value-added telecommunication service is under "restricted" categories. Our business includes operating e-commerce, which falls into the value-added telecommunication service and is considered "restricted" industry accordingly.

MIIT issued the Notice of the Ministry of Industry and Information Technology on Removing the Restrictions on Foreign Equity Ratios in Online Data Processing and Transaction Processing (Operating E-commerce) Business in China (Shanghai) Pilot Free Trade Zone (《工業和信息化部關於在中國(上海)自由貿易試驗區放開在線數據處理與交易處理業務(經營類電子商務)外資股權比例限制的通告》) on 13 January 2015, deciding to conduct the pilot program of removing the restrictions on foreign equity rations in online data processing and transaction processing (operating e-commerce) business in China (Shanghai) Pilot Free Trade Zone, allowing the foreign equity ratios to be raised to 100%.

MIIT further issued the Notice of the Ministry of Industry and Information Technology on Removing the Restrictions on Foreign Equity Ratios in Online Data Processing and Transaction Processing (Operating E-commerce) Business (《工業和信息化部關於放開在線數據處理與交易處理業務(經營類電子商務)外資股比例限制的通告》) on 19 June 2015, deciding to remove the restrictions on foreign equity ratios in online data processing and transaction processing (operating e-commerce) business across the country, allowing the foreign equity ratios to be increased to 100% base on the pilot program launched in China (Shanghai) Pilot Free Trade Zone.

Regulation on Mobile Internet Applications Information Services

In addition to the Telecommunications Regulations and other regulations above, Apps and the App store (the "**APP Store**") are especially regulated by the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the "**APP Provisions**"), which was promulgated by the Cyberspace Administration of China (the "**CAC**") on 28 June 2016 and became effective on 1 August 2016. The APP Provisions regulate the APP information service providers shall implement their information security management responsibilities strictly and the APP Store service providers shall fulfill their administrative responsibilities over the APP information service providers. The CAC and local offices of cyberspace administration shall be responsible for the supervision, administration and law enforcement with regard to the nationwide and local APPs information contents respectively.

Regulations on Protection of Personal Information of Telecommunication and Internet Users

Telecommunication business operators are subject to the Regulations on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》)(the "**Regulations on Protection of Personal Information**") which was promulgated by the MIIT on 16 July 2013 and effective on 1 September 2013. According to the Regulations on Protection of Personal Information, telecommunication business operators are responsible for the security of the personal information of users they collected and used in the course of their provision of service. The personal information of users collected or used in the course of provisions of service by the telecommunication business operators and their personnel shall be kept in strict confidence, and may not be divulged, tampered with or damaged, and may not be sold or illegally provided to others.

REGULATIONS RELATING TO MANUFACTURE AND SALE OF GOLD, SILVER AND JEWELLERY PRODUCTS

Regulation on Product Quality

Products made in the PRC are subject to the Product Quality Law of the PRC(《中華人民共和國產品質量法》) (the "**Product Quality Law**"), which was promulgated on 22 February 1993, amended on 8 July 2000 and 27 August 2009, respectively. According to the Product Quality Law, a manufacturer of a product is responsible to compensate for the damages to any person or property caused by the defect of such a product, unless the manufacturer is able to prove that: (i) it has not circulated the product; (ii) the defect did not exist at the time when the product was circulated; or (iii) scientific or technological knowledge at the time when the product was circulated did not allow the defect to be discovered.

The PRC Law on Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) (the "**Consumers Protection Law**") was promulgated on 31 October 1993 and became effective on 1 January 1994. The Consumers Protection Law has been further revised on 25 October 2013 and the revisions take effect from 15 March 2014. According to the Consumers Protection Law, unless otherwise provided by this law, an operator that provides products or services shall, in any of the following circumstances, bear civil liability in accordance with the Product Quality Law and other relevant laws and regulations: (i) where a defect exists in a product; (ii) where a commodity does not possess functions it is supposed to possess, and it is not declared when the product is sold; (iii) where the product standards indicated on a product or on the package of such product are not met; (iv) where the quality condition indicated by way of product description or physical sample, etc. is not met; (v) where products pronounced obsolete by formal State decrees are produced or have expired or deteriorated commodities are sold; (vi) where a sold product is not adequate in quantity; (vii) where the service items and charges are in violation of an agreement; (viii) where demands by a consumer for repair, redoing, replacement, return, making up the quantity of a product, refund of a product purchase price or service fee or claims for compensation have been delayed deliberately or rejected without reason; or (ix) in other circumstances whereby the rights and interests of consumers, as provided by PRC laws and regulations, are harmed.

The Tort Law of the PRC (《中華人民共和國侵權責任法》) was promulgated on 26 December 2009 and came into force on 1 July 2010 to clarify the tort liability, and to prevent and punish tortious conduct. Under this law, in the event of damage arising from a defective product, the victim may seek compensation from either the manufacturer or seller of such a product. If the defect is caused by the seller, the manufacturer shall be entitled to seek reimbursement from the seller upon compensation to the victim. If the defect is caused by the manufacturer, the seller shall be entitled to seek reimbursement from the manufacturer upon compensation to the victim.

PRC Laws and Regulations Relating to the Administration of Gold and Silver and Gold and Silver Products

The Regulations of the People's Republic of China on the Control of Gold and Silver (《中華人民共和國金銀管理條例》, hereafter referred as "**Regulations on the Control of Gold and Silver**") was first promulgated by the State Council on 15 June 1983 and revised on 8 January 2011. According to Chapter 4 of the Regulations on the Control of Gold and Silver, all entities engaged in the operation (including processing and sales) of gold and silver products are subject to the regulation and approval of the PBOC and shall be registered with the State Administration for Industry and Commerce (or its local branches) and obtain the business license. The aforementioned administrative examination and approval systems are highly related to the business of the Group, and the Regulations on the Control of Gold and Silver remain effective up to now. However, the Decision of the State Council on Cancelling the First Group of Administrative Approval Items (《國務院關於取消第一批行政審批項目的決定》) promulgated by the State Council on 1 November 2002 cancelled the approval requirements regarding the approval of purchase and supply of silver and the licensing of the processing, wholesale and retail of silver products. In addition, the Decision of the State Council on Cancelling the Second Group of Administrative Approval Items and on Changing the Management Methods of Some Administrative Approval Items (《國務院關于取消第二批行政審批項目和改變一批行政審批項目管理方式的決定》) promulgated by the State Council on 27 February 2003 cancelled the approval requirements regarding the purchase and supply of gold as well as the manufacturing, processing, wholesale and retail of gold products.

Furthermore, according to the Price Law of the People's Republic of China (《中華人民共和國價格法》), the PRC pricing mechanism consists of market-adjusted prices, government-set prices and government-guided prices. However, the prices of gold products are not subject to government-set prices or government-guided prices according to the Central Priced Catalogue and Provincial (Autonomous Regional and Municipal) Priced Catalogue (《中央定價目錄和各省(自治區、直轄市)定價目錄》).

Besides, inventory level of gold products is not restricted by any prevailing PRC laws or regulations.

Regulations on Commercial Franchising

The activities related to commercial franchising are subject to the Administrative Regulations on Commercial Franchising (《商業特許經營管理條例》), which was promulgated by the State Council on 6 February 2007 and came into effect on 1 May 2007. According to the Administrative Regulations on Commercial Franchising, the competent commerce department of the State Council is responsible for carrying out national supervision and administrations of commercial franchising activities. The franchisors, referring to any enterprise which possesses the register's trademarks, enterprise logos, proprietary technology or any business resources, allowing own business resources to be used by another business operator and requiring a uniform business operation model, shall carry out recording — filling with the competent commerce authority after the signature of franchising contracts. The Administrative Measures for the Record Filing of Commercial Franchising (《商業特許經營備案管理辦法》) , which was promulgated by MOFCOM on 12 December 2011 and came into effect on 1 February 2012, further regulates the requirements, governess and record-filling procedures of commercial franchising in competent commerce department at various levels.

Regulation for Import and Export Goods

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the Standing Commitment of the National People's Congress (the "**SCNPC**") on 22 January 1987 and amended on 8 July 2000, 29 June 2013, 28 December 2013 and 7 November 2016, respectively, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall register with the Customs in accordance with the laws.

Pursuant to the Administrative Provisions of the Customs of the PRC on the Registration of Customs Declaration Entities (《中華人民共和國海關報關單位註冊登記管理規定》) promulgated by the General Administration of Customs on 13 March 2014, coming into force on 13 March 2014, the registration of customs declaration entities comprises the registration of the customs declaration enterprise and the registration of the consignor or consignee of imported and exported goods. The consignor or consignee of imported and exported goods shall register with local customs in accordance with the laws.

REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of PRC (《中華人民共和國環境保護法》) was promulgated on 26 December 1989 and amended on 24 April 2014. The State Administration for Environmental Protection is responsible for the implementation of uniform supervision and administration of environmental protection work in China and formulation of the national waste discharge standards. Local environmental protection bureaus at county level or above are responsible for the environmental protection in their respective jurisdictions. Enterprises that cause environmental pollution and other public hazards shall incorporate environmental protection work into their plans, establish an environmental protection responsibility system, and adopt effective measures to prevent and control pollution and other harm caused to the environment.

The State Council promulgated the Administrative Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) which became effective on 29 November 1998. The PRC adopts an evaluation system of the construction projects' environmental impact. The construction unit shall prepare the construction project environmental impact report, environmental impact statement or environmental impact registration form according to the extent of environmental impact of the construction project, and submit to the competent departments of environmental protection for approval.

Enterprises that cause environmental pollution are subject to further laws and regulations regarding the environmental protection. Various penalties can be imposed on enterprises in violation of relevant environmental laws and regulations, including warnings, fines, orders for rectification within a specified period of time, orders for cessation of production, orders for re-installation of pollution prevention and control facilities which have been removed without approval or have not been used, imposition of administrative sanctions against the responsible persons and the liability to compensate the victims. In respect of serious violations, the competent governmental authority may order the enterprise to close down its operation and the responsible persons may have criminal liability.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated on 12 March 1984 and amended on 4 September 1992, 25 August 2000, 27 December 2008, respectively, by the SCNPC, and its implementation rules (Revised in 2010)(《中華人民共和國專利法實施細則》(2010年修訂)) promulgated on 15 June 2001 and amended on 28 December 2002, 9 January 2010, respectively, by the State Council, the State Intellectual Property Office of the PRC is responsible for administering patents in the PRC. The patent administration departments of provincial, autonomous region or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, namely, "invention", "utility model" and "design". Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, from the date of application. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Trademark

Trademarks are protected by the Trademark Law of the PRC (Revised in 2013) (《中華人民共和國商標法》(2013年修訂)) which was promulgated on 23 August 1982 and subsequently amended on 22 February 1993, 27 October 2001 and 30 August 2013 respectively as well as the Implementation Regulation of the PRC Trademark Law (Revised in 2014) (《中華人民共和國商標法實施條例》(2014年修訂)) adopted by the State Council on 3 August 2002 and amended on 29 April 2014. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The registered trademarks are valid for ten years and trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract.

Copyright

The Copyright Law of the PRC (Revised in 2010) (《中華人民共和國著作權法》(2010年修訂)) which was passed on 7 September 1990 and amended on 27 October 2001, 26 February 2010 by the SCNPC provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》) (the "**Software Copyright Measures**") promulgated by the China Copyright Office on 20 February 2002, regulate registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The National Copyright Administration of China shall be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Centre of China (the "**CPCC**"), is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which conforms to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013) (《計算機軟件保護條例》(2013年修訂)).

Domain Names

The MII promulgated its Administrative Measures on China Internet Domain Name (《中國互聯網絡域名管理辦法》) (the "**Domain Name Measures**") on 5 November 2004. According to the Domain Name Measures, domain name owners are required to register their domain names and the MII is in charge of the administration of PRC Internet domain names. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names, and the applicants will become the holder of such domain names upon the completion of the registration procedure.

REGULATIONS RELATING TO WFOEs

Under the Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) promulgated on 12 April 1986 and amended on 31 October 2000 and 3 September 2016 and the Detailed Implementing Rules for the Wholly Foreign-Owned Enterprise Law of the People's Republic China (《中華人民共和國外資企業法實施細則》) promulgated on 12 December 1990 and amended on 12 April 2001 and 19 February 2014, an application for establishing a wholly foreign-owned enterprise (the "**WFOE**"), shall be subject to examination and approval by the Ministry of Foreign Trade and Economic Cooperation of the PRC ("**MOFTEC**", currently known as the MOFCOM) before the approval certificate is issued. Within 90 days of the date of receipt of an application, the examination and approval authority shall decide whether or not to grant the approval. After application for the establishment of a WFOE is approved by the examination and approval authority, the foreign investors shall, within 30 days of the date of receipt of the approval certificate, submit registration to and collect the business license from the administrative authority for industry and commerce.

REGULATION RELATING TO FOREIGN EXCHANGE

General Administration of Foreign Exchange

The Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on 29 January 1996, become effective on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008, set out that foreign exchange receipts of domestic institution or individuals may be transferred to the PRC or deposited abroad, the conditions for transfer to the PRC or overseas deposits, time limit and other contents shall be specified by the foreign exchange administrative department of the State Council according to the international receipts and payments status and requirements of foreign exchange administration. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of exchange according to the relevant provisions of the State. Domestic institutions or individuals that make direct investments abroad or that are engaged in the distribution or deal of overseas valuable securities or foreign exchange or derivative products shall go through the formalities for registration according to the provisions of the foreign exchange administrative department of the State Council. Institutions or individuals shall submit the formalities for examination and approval or record-filing prior to foreign exchange registration, if they are subject to the approval or record-filing with the competent administration departments in advance as required by the State. The exchange rate for Renminbi follows a managed floating exchange rate system based on market demand and supply.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 59**") promulgated by SAFE on 19 November 2012, became effective on 12 December 2012 and further amended on 4 May 2015, approval is no longer required for the opening of an account entry in foreign exchange accounts under direct investment, for domestic transfer of the foreign exchange under direct investment. SAFE Circular 59 also simplifies the capital verification and confirmation formalities for foreign-invested enterprises and the foreign capital, foreign exchange registration formalities required for the foreign investors to acquire the equities and foreign exchange registration formalities required for the foreign investors to acquire the equities of Chinese parties, and further improves the administration on exchange settlement of foreign exchange capital of foreign-invested enterprises.

On 13 February 2015, SAFE promulgated SAFE Circular 13 effective from 1 June 2015, which cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. Besides, it simplifies the procedure of registration of foreign exchange and investors shall register with banks to have the registration of foreign exchange under the condition of direct domestic investment and direct overseas investment.

SAFE Circular 19 was promulgated on 30 March 2015 and became effective on 1 June 2015. According to the SAFE Circular 19, a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of its business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise shall first go through domestic re-investment registration and open a corresponding account for foreign exchange settlement pending payment with the foreign exchange bureau (bank) at the place of registration. The Circular of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**") was promulgated and became effective on 9 June 2016. According to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency into Renminbi on self-discretionary basis. The SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis, which applies to all enterprises registered in the PRC. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope and may not be used for investments in securities or other investment with the exception of bank financial products that can guarantee the principal within the PRC unless otherwise specifically provided. Besides, the converted Renminbi shall not be used to make loans for related enterprises unless it is within the business scope or to build or to purchase any real estate that is not for the enterprise own use with the exception for the real estate enterprise.

Offshore Investment

On 21 October 2005, SAFE promulgated SAFE Circular 75, which became effective on 1 November 2005. The notice requires PRC domestic resident natural persons to register or file with the local SAFE branch in the following circumstances: (i) before establishing or controlling any company outside the PRC for the purpose of capital financing, (ii) after contributing their assets or shares of a domestic enterprise into overseas special purpose vehicles, or raising funds overseas after such contributions, and (iii) after any major change in the share capital of the special purpose vehicle without any round-trip investment being made. On 4 July 2014, SAFE promulgated SAFE Circular 37, for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. SAFE Circular 37 supersedes SAFE Circular 75 and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under SAFE Circular 37, in the event the change of basic information of the registered offshore special purpose vehicle such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the change of foreign exchange registration formality for offshore investment. In addition, according the procedural guideline as attached to SAFE Circular 37, the principle of review has been changed to "the domestic individual resident is only register the SPV directly established or controlled (first level)". At the same time, the SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment (《返程投資外匯管理所涉業務操作指引》) with respect to the procedures for SAFE registration under SAFE Circular 37, which became effective on 4 July 2014 as an attachment of SAFE Circular 37.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

The EIT Law came into effect on 1 January 2008. According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and its relevant implementing regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% for their income sourced from inside the PRC.

Value-added Tax and Business Tax

The Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) were promulgated by the State Council on 13 December 1993 and came into effect on 1 January 1994 which were subsequently amended on 10 November 2008 and came into effect on 1 January 2009 and subsequently amended on 6 February 2016. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) (《中華人民共和國增值稅暫行條例實施細則》 (2011年修訂)) were promulgated by the Ministry of Finance and State Administration of Taxation on 15 December 2008 which were subsequently amended on 28 October 2011 and came into effect on 1 November 2011 (collectively, the "**VAT Law**"). According to the VAT Law, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC must pay value-added tax. For general value-added tax taxpayers selling or importing goods other than those specifically listed in the value-added tax Law, the applicable value-added tax rate is 17%.

Pursuant to the Provisional Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例》), which became effective on 1 January 1994 and were subsequently amended on 10 November 2008 and its implementation rules, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC must pay business tax. The scope of services which constitute taxable services and the rates of business tax are prescribed in the List of Items and Rates of Business Tax (《營業稅稅目稅率表》) attached to the regulation. On 1 January 2012, the State Council officially launched a pilot value-added tax reform program (the "**Pilot Program**"), applicable to businesses in selected industries. Businesses in the Pilot Program would pay value-added tax instead of business tax. The Pilot Program initially applied only to transportation industry and "modern service industries" (the "**Pilot Industries**") in Shanghai. The research and development and technical services, information technology services included in the Pilot Industries are subject to the value-added tax rate of 6%. Subsequently, the Pilot Program has been expanded to ten additional regions, including, among others, Beijing and Guangdong province, and nationwide to the designated pilot industry. The Trial Implementing Measures of the Conversion of Business Tax to Value-added Tax (《營業稅改徵增值稅試點實施辦法》), which was promulgated on 24 March 2016 and became effective on 1 May 2016, set out that it collected value-added tax in lieu of business tax in all regions and industries.

Dividend Withholding Tax

The EIT Law provides that since 1 January 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to the Hong Kong Tax Treaty, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Hong Kong Tax Treaty and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) (the "**SAT Circular 81**") issued on 20 February 2009 by SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on SAT Circular 601, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognised as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Hong Kong Tax Treaty.

REGULATIONS RELATING TO EMPLOYMENT PROTECTION

The Labour Law

The PRC Labour Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC on 5 July 1994 and became effective on 1 January 1995, and was amended on 27 August 2009, sets out that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labour safety and health system, stringently implement national protocols and standards on labour safety and health, conduct labour safety and health education for workers, guard against labour accidents and reduce occupational hazards. An employer shall develop a vocational training system. Vocational training funds shall be set aside and used in accordance with national regulations and vocational training for workers shall be carried out systematically based on the actual conditions of the company.

Labour Contract Law

The Law on Labour Contract(《中華人民共和國勞動合同法》), which was promulgate by the SCNPC on 29 June 2007, came into effect on 1 January 2008, and was amended on 28 December 2012, and the Implementation Regulations on Labour Contract Law (《中華人民共和國勞動合同法實施條例》) which was promulgated on 18 September 2008 and became effective on the same day, regulate both parties through a labour contract, namely the employer and the employee, and contain specific provisions involving the terms of labour contract. It is stipulated under the Law on Labour Contract and the Implementation Regulations on Labour Contract Law that a labour contract must be made in writing. An employer and an employee may enter into a fixed-term labour contract, an un-fixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching agreement upon due negotiations. An employer may legally terminate a labour contract and dismiss its employees after reaching agreement upon due negotiations with employee or by fulfilling the statutory conditions.

Society Security and Housing Funds

As required under the Regulation of Insurance for Labour Injury (《工傷保險條例》) implemented on 1 January 2004 and amended on 20 December 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on 1 January 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on 16 July 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on 14 December 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on 22 January 1999 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on 1 July 2011, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with the Regulations on the Management of Housing Funds (《住房公積金管理條例》) which was promulgated by the State Council on 3 April 1999 and amended on 24 March 2002, enterprises must register at the competent managing centre for housing funds and upon the examination by such managing centre of housing funds, complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and on time.

INTRODUCTION

We have entered into certain transactions with our connected persons which will continue following the Listing and which will constitute continuing connected transactions pursuant to the Listing Rules.

CONNECTED PERSON

Longtianyong is a wholly owned subsidiary of our Controlling Shareholder, China Silver Group. Therefore, after the Listing, Longtianyong will be regarded as our connected person under the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the Track Record Period, Longtianyong had used some of its silver ingots to produce silver products through external OEMs which it subsequently sold to Shenzhen Guoyintongbao and to Independent Third Party end customers. Longtianyong ceased to produce and sell silver products since April 2016. Instead, Longtianyong sold silver ingots and related raw materials to Jiangxi Jiyin, a member of our Group since November 2013. Upon the completion of the Global Offering, Jiangxi Jiyin and Shenzhen Guoyintongbao will continue to source silver ingots and related raw materials from Longtianyong (which will constitute continuing connected transactions of our Group). To regulate such transactions, we have, through our wholly owned subsidiaries, Shenzhen Guoyintongbao and Jiangxi Jiyin, entered into a framework purchase agreement with Longtianyong (the "**Framework Purchase Agreement**"). Details of the Framework Purchase Agreement are set out below:

Framework Purchase Agreement

Date of agreement	:	19 February 2018
Parties	:	Longtianyong as seller Shenzhen Guoyintongbao and Jiangxi Jiyin as purchasers
Description and principal terms of the transaction	:	Pursuant to the Framework Purchase Agreement, Longtianyong agreed to supply, and each of Shenzhen Guoyintongbao and Jiangxi Jiyin agreed to purchase, silver ingots and related raw materials for a period commencing from the Listing Date to 31 December 2019. The silver purchased by Shenzhen Guoyintongbao and Jiangxi Jiyin from Longtianyong pursuant to the Framework Purchase Agreement will be used as raw materials for the manufacturing of silver products of the Group. The Framework Purchase Agreement is a framework agreement and it is envisaged that individual purchase orders will be entered into between Shenzhen Guoyintongbao and/or Jiangxi Jiyin and Longtianyong from time to time. Each individual purchase order will set out the 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 Framework Purchase Agreement.
Reasons for the transaction	:	Our Group has access to independent suppliers of silver, being commodity that is widely available in the market at comparable market prices and quality. Our Directors believe that the purchase of silver ingots and related raw materials from Longtianyong would benefit our Group for the following reasons: (i) the purchases from Longtianyong will be at competitive prices which will be no less favourable than those that Shenzhen Guoyintongbao and/or Jiangxi Jiyin can obtain from independent third parties;

(ii) our Directors consider that it is crucial for our Group to maintain stable and reliable source of supply of silver ingots and related raw materials for our existing and future production needs. In view of our past experience procuring silver ingots and related raw materials from with Longtianyong, our Directors are of the view that Longtianyong can effectively fulfil our demands for silver ingots and related raw materials in terms of volume and quality in a timely manner; and

(iii) Longtianyong has provided favourable terms such as flexible and timely delivery schedule of silver ingots and related raw materials purchased by members of our Group.

Pricing policy : The price for the silver ingots and related raw materials to be supplied by Longtianyong to Shenzhen Guoyintongbao and/or Jiangxi Jiyin under the Framework Purchase Agreement will be determined based on the prevailing market rates of silver ingots to be determined by 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.

Shenzhen Guoyintongbao and Jiangxi Jiyin will seek quotations from at least two Independent Third Parties offering the same or comparable products to 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 Independent Third Parties for the same or comparable products.

Historical Figures

For the three years ended 31 December 2016 and the ten months ended 31 October 2017, the value of silver ingots and related raw materials (based on prevailing market rates) we sourced from Longtianyong amounted to approximately RMB173.7 million, RMB312.1 million, RMB323.6 million and RMB268.1 million, respectively. See the section headed "Financial Information — Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" in this prospectus for more details.

Annual Caps

Our Directors estimate that the maximum transaction amount under the Framework Purchase Agreement for each of the three years ending 31 December 2018, 2019 and 2020 will not exceed RMB420 million, RMB500 million and RMB550 million, respectively.

In determining the above annual caps, the Directors have taken into account (i) the revenue expected to be generated from the sale of silver and jewellery products by the Group; (ii) the estimated cost of the silver ingots and related raw materials to be procured by the Group; and (iii) the percentage of silver ingots and related raw materials the Group expects to procure from Longtianyong.

Listing Rules Implications

The highest applicable percentage ratio calculated with reference to the maximum aggregate consideration payable by Shenzhen Guoyintongbao and Jiangxi Jiyin to Longtianyong for each of the three years ending 31 December 2018, 2019 and 2020 exceeds 5%. Therefore, upon Listing, the transactions contemplated under the Framework Purchase Agreement will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Jiangxi Jiyin, a wholly owned subsidiary of the Group, has entered into a rental agreement (the "**Rental Agreement**") with Longtianyong to rent certain factory, warehouse and office premises for a period of one year commencing from 1 February 2018. Details of the Rental Agreement are set out below:

Date of agreement	:	23 January 2018
Parties	:	Longtianyong as lessor and Jiangxi Jiyin as lessee
Premises	:	(i) Production workshop No.2 with a gross floor area of 877.81 square metres; and (ii) the entire 5th floor of the office building, both located in the West Campus of the Yongfeng County Industrial Park at Yongfeng county, Ji'an, Jiangxi, the PRC (the "**Premises**")
Term	:	One year commencing from 1 February 2018 and expiring on 31 January 2019
Total rent and payment terms	:	RMB150,000, payable on or before the expiry of the Rental Agreement
Termination	:	A party shall give the other party 30 days' notice if it could not perform its obligations under the Rental Agreement for policy reason

Jiangxi Jiyin has been renting the Premises from Longtianyong on the same terms as the Rental Agreement since 1 February 2016 pursuant to a rental agreement dated 23 January 2016 between Jiangxi Jiyin and Longtianyong. The transaction contemplated under the Rental Agreement will continue after the Listing and will constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) for the transaction under the Rental Agreement on an annual basis is less than 5% and the annual total consideration is less than HK$3 million, the transactions under the Rental Agreement constitute *de minimis* continuing connected transactions and are fully exempt from independent shareholders' approval, reporting, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

DIRECTORS' VIEW

Our Directors, including the independent non-executive Directors, are of the view that: (i) each of the continuing connected transactions described in this section, which have been or will be entered into, will be carried out during the ordinary and usual course of business and on normal commercial terms; (ii) each of the continuing connected transactions is fair and reasonable and is in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual caps for the continuing connected transactions described above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor having reviewed the relevant information and historical figures relating to the non-exempt continuing connected transactions provided by our Group, and conducted due diligence of such transactions with our Company, are of the view that: (i) the non-exempt continuing connected transactions contemplated under the Framework Purchase Agreement are entered into in the Company's ordinary and usual course of business on normal or better commercial terms, and are fair and reasonable and in the interest of the Company and its Shareholders as a whole; and (ii) the proposed annual caps in respect of the non-exempt continuing connected transactions are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

APPLICATION FOR WAIVER

We expect the non-exempt continuing connected transactions disclosed above will be carried out on a continuing basis and will extend over a period of time, and our Directors consider that strict compliance with the announcement and independent Shareholders' approval requirements under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement and independent Shareholders' approval requirement under Rule 14A.105 of the Listing Rules once the Shares are listed on the Stock Exchange in respect of such non-exempt continuing connected transactions (the "**Transactions**"), subject to the following conditions:

(i) the Directors (including the independent non-executive Directors) and the Sole Sponsor are of the view that (i) each of the Transactions will be carried out during the ordinary and usual course of business and on normal commercial terms; (ii) each of the Transactions is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the proposed annual caps for the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and

(ii) apart from the announcement and independent shareholders' approval requirements for which a waiver is sought, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any terms of the Transactions are altered or if we enter into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, we must fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain separate waivers from the Stock Exchange.

OUR DIRECTORS

Overview

Our Board consists of three executive Directors and three independent non-executive Directors. The functions and duties of our Board include determining our Group's business and investments plans, convening general meetings and reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, formulating our Company's annual financial budget and final accounts, formulating our proposals for distributions of profit, as well as exercising other powers, functions and duties conferred by our Articles of Association.

Our executive Directors and senior management are responsible for the day-to-day management and operation of our Group's business.

The table below sets forth certain information in respect of our Directors:

Name	Age	Position	Date of First Joining the Group	Date of Appointment as Director	Roles and Responsibilities
Executive Directors					
CHEN He (陳和)	32	Chairman, executive Director, co-CEO and president of the Group	25 October 2013	8 February 2017	• The overall management of our Group and directing strategic developments and business plans of our Group • Chairman of the Nomination Committee
ZHANG Jinpeng (張金鵬)	37	Executive Director, co-CEO and president of the Group	25 October 2013	8 February 2017	• Managing the technology centre and market centre of the Group • Online business operations and the management of the Group
QIAN Pengcheng (錢鵬程)	34	Executive Director and financial manager of the Group	25 October 2013	8 February 2017	• Managing the financial department of the Group • Managing the capital of the Group
Independent Non-executive Directors					
FU Lui (府磊)	37	Independent Non-executive Director	13 February 2018	13 February 2018	• supervising and providing independent judgment and analysis to the Board • Chairman of the Audit Committee and member of the Remuneration Committee and Nomination Committee
HU Qilin	47	Independent Non-executive Director	13 February 2018	13 February 2018	• supervising and providing independent judgment and analysis to the Board • member of the Audit Committee and Remuneration Committee
ZHANG Zuhui (張祖輝)	45	Independent Non-executive Director	13 February 2018	13 February 2018	• supervising and providing independent judgment and analysis to the Board • Chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee

Note: For the residential addresses of the Directors, see "Directors and Parties Involved in the Global Offering".

Executive Directors

Mr. CHEN He (陳和), aged 32, is our Chairman, executive Director and co-CEO. Mr. Chen was appointed as an executive Director in February 2017. Mr. Chen joined the Group as a co-deputy general manager of Shenzhen Guoyintongbao in October 2013, and has been serving as a president of the Group since July 2015. Mr. Chen has been the driving force behind our development, growth and expansion and is primarily responsible for the overall management of our Group and for directing strategic developments and business plans of our Group. Mr. Chen is currently a director of several of our principal operating subsidiaries, namely Shenzhen Guoyintongbao, Shenzhen Guojintongbao, Jingning Sheyin and Baiyin Town.

Prior to joining the Group, Mr. Chen served as the supervisor of the procurement department of Longtianyong from January 2006 to December 2010, and served as the manager of the procurement department of the same company from January 2011 to September 2013.

Mr. Chen graduated from Shandong University in Shandong Province, the PRC in January 2014 after completing a bachelor degree course in business administration through long distance learning. He has been a candidate of the executive master of business administration program at the Faculty of Management of Xiamen University, in Xiamen, the PRC, since October 2011 till present.

Mr. ZHANG Jinpeng (張金鵬), aged 37, was appointed as our executive Director in February 2017. Mr. Zhang has been the co-CEO and president of the Group since December 2016. Mr. Zhang joined the Group in October 2013, where he then served as the co-deputy general manager of the Group till November 2016. Mr. Zhang is primarily responsible for managing the technology centre and market centre of the Group. He is also responsible for online business operations and the management of the Group.

Prior to joining the Group, Mr. Zhang worked as a journalist and a photographer at Blu Mag Marcom & Productions in Singapore from December 2004 to July 2005. Mr. Zhang served as the product director at Beijing Hiersun Zheng Long Economy & Trade Co., Ltd (北京恒信正隆經貿有限公司) from August 2005 to July 2006, and as the accessories designer of the same company from August 2006 to March 2007. From April 2007 to April 2008, Mr. Zhang served as a product design manager at the product department of Beijing Zhuorui Industrial Jewelry Co., Ltd. (北京卓瑞興業珠寶貿易有限公司). Mr. Zhang served as a manager at the design department of Emperor Watch & Jewellery (Beijing) Company Ltd. (英皇鐘錶珠寶(北京)有限公司) from May 2008 to October 2009, and as a manager at the jewellery product department of the same company from November 2009 to April 2011. Between May 2011 and November 2012, Mr. Zhang served as the product branding director of Shanghai Wisdom Jewelry Trading Company Limited (上海溯天珠寶貿易有限公司) and continued with such position at Shanghai Polide Diamonds Limited (上海鉑利德鑽石有限公司) (after a partial transfer of business from Shanghai Wisdom Jewelry Trading Company Limited (上海溯天珠寶貿易有限公司) to Shanghai Polide Diamonds Limited (上海鉑利德鑽石有限公司)). From January 2013 to September 2013, Mr. Zhang served as the vice-president of the branding and sales centre of Shanghai Polide Diamonds Limited (上海鉑利德鑽石有限公司).

Mr. Zhang obtained a Diploma in Fine Arts (Jewellery & Metalsmithing) from the Lasalle-Sia College of the Arts from Singapore in August 2004. In June 2005, Mr. Zhang obtained a Master's Degree of Bachelor of Arts from the Lasalle-Sia College of the Arts in Singapore, an accredited institution from the Open University in the United Kingdom. Mr. Zhang was awarded the Finalist Award from the Jewelry Design Competition Rotary Club of Singapore East 2004 in Singapore in 2004.

Mr. QIAN Pengcheng (**錢鵬程**), aged 34, was appointed as our executive Director in February 2017. He has also been the financial manager of the Group since he joined the Group in October 2013. Mr. Qian is responsible for managing the financial department of the Group. Prior to joining the Group, Mr. Qian worked as a financial clerk at Longtianyong, from January 2006 to December 2010, and served as the financial supervisor of Longtianyong from January 2011 to September 2013.

Mr. Qian graduated from Shandong University in Shandong Province, the PRC in January 2014 after completing a bachelor degree course in business administration through long distance learning. He has been a candidate of the executive master of business administration program at the Faculty of Management of Xiamen University, in Xiamen, the PRC, since October 2011 till present.

Independent Non-Executive Directors

Mr. FU Lui (府磊), aged 37, was appointed as the independent non-executive Director of the Company, taking effect on the Listing Date. Mr. Fu is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Fu has over 14 years of experience in accounting and financial management. He is the financial controller and company secretary of China Uptown Group Company Limited (a company listed on the Main Board of the Stock Exchange, code: 2330) since July 2010. He is also an independent non-executive director and the chairman of the audit committee of China Unienergy Group Limited (a company listed on the Main Board of the Stock Exchange, code: 1573) since June 2016.

From September 2006 to June 2010, Mr. Fu was the finance manager of CSPC Pharmaceutical Group Limited (a company listed on the Main Board of the Stock Exchange, code: 1093), and from September 2002 to September 2006, Mr. Fu served as an accountant in the audit department at Deloitte Touche Tohmatsu.

Mr. Fu obtained a bachelor of arts in accountancy from The Hong Kong Polytechnic University in November 2002, and a master of business administration from The Chinese University of Hong Kong in December 2009. Mr. Fu has been a member of the Hong Kong Institute of Certified Public Accountants since July 2007 and has been advanced to a fellow since May 2016. He has also been a member of the Association of Chartered Certified Accountants since August 2006 and has been advanced to a fellow since August 2011.

Mr. HU Qilin, aged 47, was appointed as the independent non-executive Director of the Company, taking effect on the Listing Date. Mr. Hu is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Hu has substantial experience in the area of Internet finance, corporate management and operations. He has served as the general manager of BaiduPay Science and Technology Co., Ltd., a subsidiary of Baidu, in Beijing, the PRC from August 2016 till January 2017. Mr. Hu has served as an Investment Partner of Sequoia Capital Consulting (Beijing) Co., Ltd. since March 2017.

In the period of September 2013 till October 2015, Mr. Hu served as a deputy general manager at TenPay, a subsidiary of Tencent, in Shenzhen of the PRC, and then from October 2015 till July 2016, he served as a chief operations officer at Ping An FinTech Ltd., a subsidiary of Ping An, in Shanghai of the PRC.

Mr. Hu obtained a bachelor degree in computer science from Nankai University in Tianjin, the PRC in July 1992, and a master degree in science from the University of Iowa in the United States in May 1996. In September 2016, Mr. Hu obtained an executive master of business administration degree at the Cheung Kong Graduate School of Business (長江商學院) in the PRC.

Mr. ZHANG Zuhui (張祖輝), aged 45, was appointed as the independent non-executive Director of the Company, taking effect on the Listing Date. Mr. Zhang is responsible for supervising and providing independent judgment and analysis to the Board.

Mr. Zhang has served as a secretary general at Shenzhen City Gold and Jewellery Culture Research Association from August 2013 till present. During the period of January 2003 to December 2012, Mr. Zhang worked at China Golden Post. Mr. Zhang first served as a journalist, and then as a co-supervisor at the news editorial centre, and later as a supervisor at the Shenzhen news centre of China Golden Post.

In June 1995, Mr. Zhang graduated from Hubei University in Hubei Province, the PRC, with a college education in Chinese language and literature through long distance learning. In April 2010, Mr. Zhang obtained a Senior Gold Investment Analyst qualification from the Occupational Skills and Testing Authority of the Ministry of Human Resources and Social Security of the PRC.

Save as disclosed above, none of our Directors holds any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this prospectus. Please see "Statutory and General Information" in Appendix V to this prospectus for further information about the Directors, including the particulars of their service contracts and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO).

Save as disclosed in this prospectus, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, as at the Latest Practicable Date, there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

OUR SENIOR MANAGEMENT

The following table below sets forth certain information in respect of the members of the senior management of our Group:

Name	Age	Position	Date of First Joining the Group	Date of Appointment as Senior Manager	Roles and Responsibilities
CHEN He (陳和)	32	Chairman, executive Director, co-CEO and president of the Group	25 October 2013	25 October 2013	• The overall management of our Group and directing strategic developments and business plans of our Group • Chairman of the Nomination Committee
ZHANG Jinpeng (張金鵬)	37	Executive Director, co-CEO and president of the Group	25 October 2013	25 October 2013	• Managing the technology centre and market centre of the Group • Online business operations and the management of the Group
QIAN Pengcheng (錢鵬程)	34	Executive Director and financial manager of the Group	25 October 2013	25 October 2013	• Managing the financial department of the Group • Managing the capital of the Group
LEE Jackie Kai Yat (李介一)	37	Chief financial officer and joint company secretary	Listing Date	Listing Date	• The overall financial management and operation of the Group • The secretarial matters of the Group

Mr. CHEN He (陳和), aged 32, is one of the senior managers of our Group. See above under "— Our Directors — Executive Directors" for his biographical details.

Mr. ZHANG Jinpeng (張金鵬), aged 37, is one of the senior managers of our Group. See above under "— Our Directors — Executive Directors" for his biographical details.

Mr. QIAN Pengcheng (錢鵬程), aged 34, is one of the senior managers of our Group. See above under "— Our Directors — Executive Directors" for his biographical details.

Mr. LEE Jackie Kai Yat (李介一), aged 37, was appointed as the chief financial officer and joint company secretary of the Company, taking effect on the Listing Date. Mr. Lee is responsible for the overall financial management and operation and secretarial matters of the Group.

Mr. Lee has 14 years of experience in accounting, finance and financial management. Prior to joining the Group, Mr. Lee worked at KPMG, an international accounting firm, from August 2003 to August 2010 (with his last position there as a manager). From September 2010 till March 2011, Mr. Lee served as a senior analyst at the research department of UOB Kay Hian (Hong Kong) Limited. Between April 2011 and December 2013, Mr. Lee served as a financial controller at Sino Prosper Management Limited, a subsidiary of Sino Prosper State Gold Resources Holdings Limited, which is currently known as Sino Prosper (Group) Holdings Limited (a company listed on the Main Board of the Stock Exchange, code: 766). From January 2014 to February 2015, Mr. Lee served as a managing director at Global Networking One Consulting Limited. From March 2015 till immediately before the Listing Date, Mr. Lee served as a financial controller at China Silver Group.

In May 2003, Mr. Lee obtained his bachelor's degree with Honours in Commerce, majoring in Finance and Accounting, from the University of British Columbia in Canada.

Mr. Lee joined the Association of Chartered Certified Accountants as an affiliate in 2005, and was admitted as a member in 2007.

JOINT COMPANY SECRETARIES

Mr. LEE Jackie Kai Yat (李介一), aged 37, is a joint company secretary of our Company. Please see above under "Our Senior Management" for his biographical details.

Mr. WONG Yat Sum (黃一心), aged 41, was appointed as a joint company secretary of the Company, taking effect on the Listing Date. Mr. Wong has over 18 years of experience in the auditing, financial management and corporate secretary field. He is currently a director of Integratis Business Services Company Limited, a local professional firm providing corporate secretarial services. Mr. Wong has been a fellow of the Associate of Chartered Certified Accountants since August 2013 and a fellow of the Hong Kong Institute of Certified Public Accountants since October 2014. Since February 2017, Mr. Wong served as an independent non-executive director of Winson Holdings Hong Kong Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, code: 8421). Mr. Wong obtained a Special Degree of Bachelor of Science in Accounting from the University of Hull in the United Kingdom in July 2000.

WAIVER FROM REQUIREMENT FOR MANAGEMENT PRESENCE

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under Rule 8.12 of the Listing Rules regarding the requirement of management presence in Hong Kong. For more details, see "Waivers from Strict Compliance With the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Management Presence in Hong Kong" in this prospectus.

COMPLIANCE ADVISER

We have appointed Halcyon Capital Limited as our compliance adviser upon the listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company under Rule 13.10 regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment will commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date, and such appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Mr. FU Lui, Mr. HU Qilin and Mr. ZHANG Zuhui, with Mr. FU Lui being the chairman of the committee possessing the appropriate accounting or related financial management expertise.

The primary duties of the audit committee are to review, supervise, and assist our Board in providing an independent view of, our financial reporting processes, and internal control and risk management systems, as well as to oversee the audit process, review our annual and interim financial statements, provide advice and comments to the Board on matters related to corporate governance, and perform other duties and responsibilities as assigned by our Board from time to time.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of three members, namely Mr. ZHANG Zuhui, Mr. FU Lui and Mr. HU Qilin, with Mr. ZHANG Zuhui being the chairman of the committee.

The primary duties of the remuneration committee are to (i) develop and review the policies and the structure of the remuneration for of our Directors and senior management, (ii) evaluate the performance of, and make recommendations on the remuneration packages and long-term incentive compensation or equity plans for, our Directors and senior management, and (iii) evaluate and make recommendations on employee benefit arrangements.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely Mr. CHEN He, Mr. FU Lui and Mr. ZHANG Zuhui, with Mr. CHEN He being the chairman of the committee.

The primary functions of the nomination committee are to make recommendations to our Board in relation to the appointment and removal of Directors and senior management, and on matters of succession planning.

CORPORATE GOVERNANCE CODE

Our Company expects to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules with the exception of code provision A.2.1, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chen currently holds the positions of both chairman of the Board and co-CEO of the Company. Mr. Chen has been leading our Group for over three years since he joined our Group in 2013. He has been the driving force behind our development, growth and expansion and is primarily responsible for the overall management of our Group and for directing strategic developments and business plans of our Group. In light of the above, our Directors (including our independent non-executive Directors) consider Mr. Chen to be the best candidate for both positions and that such arrangement is beneficial to and in the best interests of our Group and our Shareholders as a whole.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code in each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports after the Listing.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Our Directors and senior management receive compensation from our Group in the form of fees, salaries, bonuses, contributions to pension schemes, allowances and benefits in kind.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, allowances, discretionary bonuses paid, benefits in kind and share-based payments) received by our Directors were approximately RMB1.18 million, RMB1.19 million, RMB0.93 million and RMB0.78 million in 2014, 2015 and 2016 and the ten months ended 31 October 2017, respectively. Details of our Directors' remuneration are also set out in Note 10 to the Accountants' Report in Appendix I to this prospectus.

The Group's five highest paid individuals during the Track Record Period consisted of three, two, two and one Directors in 2014, 2015 and 2016 and the ten months ended 31 October 2017, respectively. The emoluments paid to the remaining highest paid individuals, which included two, three, three and four individuals, were RMB0.51 million, RMB1.23 million, RMB1.42 million and RMB1.21 million in 2014, 2015 and 2016 and the ten months ended 31 October 2017, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses, payable to, and benefits in kind receivable by our Directors for the year ending 31 December 2017 is estimated to be approximately RMB947,000.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable during the Track Record Period by our Group to the Directors.

PERSONS HAVING NOTIFIABLE INTERESTS UNDER THE SFO

So far as our Directors are aware, immediately following the completion of the Loan Capitalisation Issue, the Distribution and the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons will have or be deemed or taken to have an interest and/or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Shares held as at the Latest Practicable Date		Shares held immediately following completion of the Loan Capitalisation Issue, the Distribution and the Global Offering	
		Number	Percentage	Number	Percentage
China Silver Group	Beneficial owner	500,000,000	60.07%	500,000,000	47.46%
Blaze Loop	Beneficial owner	166,025,000	19.95%	166,025,000	15.76%
Mr. Lin[(1)]	Interest in a controlled corporation	166,025,000	19.95%	166,025,000	15.76%
Caitong Funds SPC	Beneficial owner	60,059,000	7.22%	60,059,000	5.70%
Caitong International Asset Management Co., Limited[(2)]	Interest in a controlled corporation	60,059,000	7.22%	60,059,000	5.70%
Caitong Securities (Hong Kong) Co., Limited[(2)]	Interest in a controlled corporation	60,059,000	7.22%	60,059,000	5.70%
Caitong Securities Co., Limited (財通證券股份有限公司, formerly known as 財通證券有限責任公司)[(2)]	Interest in a controlled corporation	60,059,000	7.22%	60,059,000	5.70%
Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控股有限公司)[(2)]	Interest in a controlled corporation	60,059,000	7.22%	60,059,000	5.70%
Zhejiang Provincial Financial Development Company (浙江省財務開發公司)[(2)]	Interest in a controlled corporation	60,059,000	7.22%	60,059,000	5.70%
Department of Finance of Zhejiang Province (浙江省財政廳)[(2)]	Interest in a controlled corporation	60,059,000	7.22%	60,059,000	5.70%
Best Conduct	Beneficial owner	58,000,000	6.97%	58,000,000	5.50%
Hardstone Investment Limited[(3)]	Interest in a controlled corporation	58,000,000	6.97%	58,000,000	5.50%
Mr. SHI Jinglei (石勁磊)[(3)]	Interest in a controlled corporation	58,000,000	6.97%	58,000,000	5.50%

1. Blaze Loop was formed under the Employee Share Scheme and is directly wholly owned by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the 166,025,000 Shares held by Blaze Loop by virtue of the SFO. Mr. Lin is an employee of the Group and the trustee under the Employee Share Scheme.

2. Caitong Funds SPC is directly wholly owned by Caitong International Asset Management Co., Limited ("**Caitong International Asset Management**"), which is in turn directly wholly owned by Caitong Securities (Hong Kong) Co., Limited ("**Caitong Securities HK**"), which is in turn directly wholly owned by Caitong Securities Co., Limited (財通證券股份有限公司, formerly known as 財通證券有限責任公司) ("**Caitong Securities PRC**"). Caitong Securities PRC is directly owned as to approximately 36.60% by Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控股有限公司) ("**Zhejiang Financial Holdings**") and as to approximately 63.40% by certain shareholders, none of which is entitled to exercise or control the exercise of one third or more of the voting rights of Caitong Securities PRC. Zhejiang Financial Holdings is directly wholly owned by Zhejiang Provincial Financial Development Company (浙江省財務開發公司) ("**Zhejiang Financial Development**"), which is in turn directly wholly owned by the Department of Finance of Zhejiang Province (浙江省財政廳) ("**Zhejiang Department of Finance**"). Accordingly, each of Caitong International Asset Management, Caitong Securities HK, Caitong Securities PRC, Zhejiang Financial Holdings, Zhejiang Financial Development and Zhejiang Department of Finance is deemed to be interested in the 60,059,000 Shares held by Caitong Funds SPC by virtue of the SFO.

3. Best Conduct is directly owned as to 70% by Hardstone Investment Limited ("**Hardstone Investment**"), which is in turn directly wholly owned by Mr. SHI Jinglei (石勁磊) ("**Mr. Shi**"). Accordingly, each of Hardstone Investment and Mr. Shi is deemed to be interested in the 58,000,000 Shares held by Best Conduct by virtue of the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Loan Capitalisation Issue, the Distribution and the Global Offering (and assuming the Over-allotment Option is not exercised), have an interest or a short positions in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

INTRODUCTION

Immediately following the completion of the Loan Capitalisation Issue, the Distribution and the Global Offering, and assuming the Over-allotment Option is not exercised, China Silver Group will directly hold and be entitled to exercise voting rights of 47.46% of the issued share capital of our Company. Accordingly, China Silver Group is our Controlling Shareholder under the Listing Rules.

Except as disclosed in this section, our Controlling Shareholder confirms that as of the Latest Practicable Date, none of it or its close associates has any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with the business of our Group and which is required to be disclosed under Rule 8.10 of the Listing Rules.

DELINEATION OF BUSINESS BETWEEN OUR CONTROLLING SHAREHOLDER AND OUR GROUP

Businesses of our Controlling Shareholder and our Group

As of the Latest Practicable Date, our Controlling Shareholder, together with its subsidiaries (including the Company and its subsidiaries), operates three principal businesses:

1. Manufacturing Business: Our Controlling Shareholder engages in the manufacturing of high-grade silver ingots for industrial and trading purposes (the "**Manufacturing Business**") and is one of the leading silver producers in China.

2. Silver Exchange Business: Our Controlling Shareholder completed its acquisition of Shanghai Huatong in February 2016 and has generated revenue from providing spot goods supply, trading and logistics services through such exchange platform (the "**Silver Exchange Business**") since then.

3. Our Group: We engaged in the design and sale of gold, silver and jewellery products in China leveraging on the New Jewellery Retail Model. For details of our business, please refer to the section headed "Business" of this prospectus.

Immediately after the Listing, our Controlling Shareholder will continue to operate the Retained Businesses, being the Manufacturing Business and the Silver Exchange Business.

Delineation of Businesses

Following the Listing and the Spin-Off, our Controlling Shareholder will continue to operate the Retained Businesses. There is a clear delineation between the Retained Businesses and our business in terms of the nature of business, source of revenue, products or services offered, target customers and nature of suppliers as tabulated below:

	Retained Businesses		
	Manufacturing Business	**Silver Exchange Business**	**Our Business**
Nature of business	Production of metal ingots	Operation of metal exchange platform	Retailing and wholesaling of gold, silver and jewellery products
Source of revenue	Sales of silver ingots and other non-ferrous metals	Trading-related service income such as commissions and membership fees	Sales of gold, silver and jewellery products
Products or services offered	Silver ingots and other non-ferrous metals for industrial use	Spot supply, trading and logistics services in relation to silver trading	Gold, silver and jewellery products
Target customers	Industrial users of metal ingots as raw materials	Industrial users of silver as raw materials, and traders trading in silver as a commodity	Retail and wholesale customers of gold, silver and jewellery products as end products
Nature of suppliers	Silver refineries, mines and trading companies; chemical manufacturers and trading companies	Silver producers and silver consuming companies; warehouses and logistics service providers	China Silver Group and other silver producers; OEM contractors; logistics service providers

Directors' View on Non-Competition

In light of the above, our Directors are of the view that there is no or minimal competition between our Group and our Controlling Shareholder, and that there is clear delineation between our business and the business operated by our Controlling Shareholder.

NON-COMPETITION UNDERTAKING

To safeguard our Group from any potential competition with our Controlling Shareholder and its close associates, on 13 February 2018, our Controlling Shareholder has executed a Deed of Non-Competition in favour of our Company, pursuant to which our Controlling Shareholder has undertaken to us that it will not, and that it will procure that its subsidiaries and parties controlled by it either solely or jointly with any other party (the "**Affiliates**") will not, solely or jointly or in cooperation with other parties, without our prior written consent, hold and/or be interested in, either directly or indirectly, any shares or securities or interest in any company or other business entity which is engaged or involved in, directly or indirectly, any activity or business which competes or is likely to compete, directly or indirectly, with the existing businesses of any member of our Group after the Listing (the "**Restricted Business**").

The non-competition undertaking does not apply to the holding of securities in a company that is engaged in the Restricted Business, provided that our Controlling Shareholder or its close associates does not individually and in aggregate hold or control the voting rights in respect of 10% or more of the issued share capital of such company.

Pursuant to the Deed of Non-Competition, our Controlling Shareholder has also undertaken that if it or any of its Affiliates become aware of any business opportunity relating to any Restricted Business (the "**Business Opportunity**"), it will notify us of such Business Opportunity as soon as they become aware of the same, and will use commercially reasonable efforts to assist our Group in pursuing such Business Opportunity. To the extent that the Business Opportunity is being made available by a third party to any of our Controlling Shareholder or its Affiliates, our Controlling Shareholder will use commercially reasonable efforts to procure that such Business Opportunity is first offered to our Group as soon as practicable on terms and conditions which are no less favourable than those offered to it or its Affiliates. Our Company will seek approval from our independent non-executive Directors who do not have a material interest in the matter for consideration as to whether to pursue or decline such Business Opportunity. Our Controlling Shareholder will ensure that it or its Affiliates will be entitled to pursue the Business Opportunity only if: (i) it has received a notice from us declining such Business Opportunity and confirming that such Business Opportunity would not constitute competition with our core business; or (ii) it has not received any notice from us within a period of 10 Business Days (the "**Offer Notice Period**") of us being notified by it of such Business Opportunity. The Offer Notice Period shall be extended to not more than 30 Business Days at the request of our independent non-executive Directors who do not have a material interest in the matter.

The undertakings given by our Controlling Shareholder under the Deed of Non-Competition are effective from the Listing Date and terminate on the earlier of: (i) the date on which our Controlling Shareholder cease to be our controlling shareholder as defined in the Listing Rules; (ii) the date on which the Shares cease to be listed on the Stock Exchange; and (iii) the date on which our Group ceases to engage in the Restricted Businesses.

Our independent non-executive Directors will consider on an annual basis whether or not our Controlling Shareholder has complied with the terms set forth in the Deed of Non-Competition. Our independent non-executive Directors may appoint independent advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-Competition at the cost of our Company. We will disclose in our annual report decisions or determinations, with basis, in relation to matters reviewed by the independent non-executive Directors regarding: (i) the Business Opportunities offered by any of our Controlling Shareholder to us; and (ii) whether any activity or business or proposed activity or business of any of our Controlling Shareholder or its Affiliates competes or is likely to compete, either directly or indirectly, with the Restricted Business.

To ensure our independent non-executive Directors are able to monitor the compliance with the Deed of Non-Competition, our Controlling Shareholder has undertaken in the Deed of Non-Competition to provide and to procure the provision to us all information necessary for the enforcement of the undertakings contained therein. Our Controlling Shareholder has further undertaken to make a statement in our annual report confirming its compliance with the terms of the Deed of Non-Competition.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Our Group has and will continue to carry on its business independently of our Controlling Shareholder and its associates. In particular:

Independence of directors and management

The Board comprises three executive Directors and three independent non-executive Directors. Immediately after the Listing, members of our core management team, namely Mr. Chen, Mr. Zhang, Mr. Qian and Mr. LEE Jackie Kai Yat, will not assume directorship or any senior management roles in our Controlling Shareholder. There will not be any common directors sitting on both our Controlling Shareholder and our boards of directors, nor will there be any person with overlapping senior management roles of both our Controlling Shareholder and our Group. Each of them has substantial experience in the industry in which we are engaged. See the section headed "Directors and Senior Management" for the qualifications and experience of our directors and senior management.

Each of our Directors is aware of his or her fiduciary duties as a director which require, among other things, that he or she must act for the benefit and in the best interests of our Company, and not allow any conflict between his or her duties as a Director and his or her personal interests. We believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board.

In addition, our Directors shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting.

Based on the above, our Directors are satisfied that our Board, together with our senior management team, is able to perform the managerial role in our Group independently.

Operational Independence

We have full rights to make all decisions regarding, and to carry out, our own business operations independently. We hold or enjoy the benefit of the relevant licenses necessary to carry out our business, and have sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholder. We do not rely on our Controlling Shareholder for any operational or administration resources and do not share office space with it. Our financial reporting system is independent from that of our Controlling Shareholder. In addition, our organizational structure is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal controls to facilitate the effective operation of our business.

It is anticipated that our Group will continue to procure silver ingots (as raw materials for producing jewellery products) from our Controlling Shareholder after the Listing, which will constitute continuing connected transactions under the Listing Rules. Our Directors are of the view that our Group does not rely on our Controlling Shareholder for the procurement of silver ingots for the following reasons:

(i) Silver is a widely traded commodity with standard specification, and our Group is able to source silver from other suppliers in the market at prevailing market rates.

(ii) There are no exclusivity arrangements or preferential treatment granted by our Controlling Shareholder to our Group (or vice versa) in the sale and purchase of silver ingots by our Group from our Controlling Shareholder.

During the Track Record Period, the percentage of our purchase (based on prevailing market price) from our Controlling Shareholder (excluding the Group) out of our total purchase (based on prevailing market price) continued to decrease from 36.9% in 2014 to 24.6% in 2015, further to 11.4% in 2016 and further to 8.9% in the ten months ended 31 October 2017.

During the Track Record Period, there were certain overlapping suppliers and customers of the Group on the one hand, and the Manufacturing Business and the Silver Exchange Business of our Controlling Shareholder, details of which are set out below.

Year	Entity	Details of Overlap with the Manufacturing Business/Silver Exchange Business	Products Transacted with the Group	Products Transacted with the Manufacturing Business/Silver Exchange Business
2014	Company A	Overlapping supplier with the Silver Exchange Business and overlapping customer with the Manufacturing Business	Silver bars (銀條)	Silver ingots (銀錠)
	Company B	Overlapping customer with the Manufacturing Business	Silver bars and molded silver bars (銀元寶)	Silver ingots
	Company C	Overlapping supplier with the Manufacturing Business	Gold	Mineral powders
2015	Company B	Overlapping customer with the Manufacturing Business	Silver bars and molded silver bars	Silver ingots
	Company C	Overlapping supplier with the Manufacturing Business	Gold	Mineral powders
	Company D	Overlapping customer with the Silver Exchange Business	Silver bars, molded silver bars and jewellery products	Silver ingots
2016	Company E	Overlapping customer with the Silver Exchange Business and the Manufacturing Business	Silver bars and molded silver bars	Silver ingots
	Company F	Overlapping customer with the Manufacturing Business	Silver bars and molded silver bars	Silver ingots

The Group and our Controlling Shareholder have not entered into joint framework agreements or any other joint purchase or joint procurement agreements with the overlapping customers and suppliers during the Track Record Period. Each order from or to these overlapping customers and suppliers are received or given separately by the Group and the Manufacturing Business and/or the Silver Exchange Business of our Controlling Shareholder.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholder and its close associates during the Track Record Period and will continue to operate in such manner after the Listing.

Financial Independence

Following the Listing, we will have an independent financial system and make financial decisions according to our own business needs, and will have sufficient capital to operate our business independently and adequate internal resources to support our daily operations. As of the Latest Practicable Date, we have no outstanding bank borrowings. As of 31 December 2017, we owe our Controlling Shareholder a net amount of RMB380.2 million. We plan to settle the outstanding amount due to our Controlling Shareholder in the following manner prior to Listing: (1) an amount equal to 27,070,010 Shares multiplied by the final Offer Price per Share (being not more than the RMB equivalent of HK$88,789,633) will be settled by way of the Loan Capitalisation Issue; and (2) the remaining net outstanding amount owed to our Controlling Shareholder will be settled by way of a capital contribution from our Controlling Shareholder which will be reflected in our reserves. Following the Listing, we expect to be capable of obtaining financing from third parties, if necessary, for the general operation of our business in its ordinary course without relying on financial assistance from our Controlling Shareholder.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholder and its close associates after the Listing.

DIRECTORS' COMPETING INTERESTS

As of the Latest Practicable Date, apart from the business of our Group, none of our Directors was engaged or had interest in any business which, directly or indirectly, competes or may compete with the business of our Group and which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Board will consist of three independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process. See "Directors and Senior Management — Independent non-executive Directors" in this prospectus for details about our independent non-executive Directors. We believe our independent non-executive Directors are of sufficient caliber, knowledge and experience and will be able to provide an impartial and independent advice to our Shareholders.

We have adopted the following measures in order to manage existing and potential conflicts of interest between the Group and our Controlling Shareholder:

(a) our Articles of Association provide that where a Director or a senior management officer of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement which are made or proposed by the Company (other than his/her service contract with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement is otherwise subject to the approval of the Board;

(b) our Articles of Association also provide that a Director shall not vote on any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest, and such Director shall not be counted in the quorum of the relevant board meeting; and

(c) we have appointed Halcyon Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

Based on the above, our Board is satisfied that there are sufficient and effective measures to manage conflicts of interest and that we are able to operate independently of our Controlling Shareholder.

SHARE CAPITAL OF OUR COMPANY

The following table sets forth the authorised share capital and the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Global Offering:

Authorised share capital:

Number of Shares		Total nominal value
		(US$)
3,000,000,000	Shares of US$0.0001 each	300,000

Shares issued or to be issued, fully paid or credited as fully paid upon completion of the Global Offering:

Number of Shares		Total nominal value	Approximate percentage of issued share capital
		(US$)	(%)
832,334,000	Shares in issue	83,233.40	79.00
27,070,010	Shares to be issued pursuant to Loan Capitalisation Issue and the Distribution	2,707.00	2.57
194,183,990	Shares to be issued pursuant to the Global Offering	19,418.40	18.43
1,053,588,000	**Total**	105,358.8	100

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any Shares: (i) which may be issued pursuant to the exercise of the Over-allotment Option; or (ii) which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Subject to the conditions stated in "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus, our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandates, see "Appendix V — Statutory and General Information — A. Further Information about Our Company — 3. Resolutions of the Shareholders passed on 13 February 2018 and 21 February 2018".

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements as included in "Appendix I — Accountants' Report" to this prospectus, which have been prepared in accordance with IFRSs, together with the accompanying notes. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the sections headed "Forward-Looking Statements", "Risk Factors" and elsewhere in this prospectus.

The cost of sales upon which our Group's profit for the year ended 31 December 2014, 2015 and 2016 and ten months ended 31 October 2016 is based reflected the cost of production of silver ingots incurred by Longtianyong, which was our sole supplier of silver ingots during the Relevant Period, instead of the prevailing market rates of silver ingots which are in general higher than their cost of production. To provide investors with a meaningful measure of our overall profit generating capabilities during the Track Record Period and after Listing that reflects cost of silver ingots procured on an arm's length basis, we have disclosed and analysed information in respect of our Group's cost of sales and profitability by reference to the Listing Segment financial information derived from Note 5 to our consolidated financial statements in "Appendix I — Accountants' Report". See the section headed "— Explanatory Statement on the Presentation of our Group's Costs of Sales and Profitability" for more information.

EXPLANATORY STATEMENT ON THE PRESENTATION OF OUR GROUP'S COST OF SALES AND PROFITABILITY

Presentation of Our Group's Cost of Sales and Profitability in the Accountants' Report

As stated in the Group's financial statements that are included in "Appendix I — Accountants' Report" to this prospectus, which have been prepared in accordance with IFRSs, for the year ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, our Group's profit for the year/period was RMB37.5 million, RMB33.0 million, RMB50.3 million, RMB50.1 million and RMB67.6 million, respectively, and our Group's cost of sales was RMB219.4 million, RMB735.9 million, RMB2,315.8 million, RMB1,698.9 million and RMB2,969.2 million, respectively. During the two years ended 31 December 2015 and the three months ended 31 March 2016 (the "**Relevant Period**"), in accordance with IFRSs, our Group's cost of sales for our silver products reflected the historical cost of production of silver ingots incurred by Longtianyong, a wholly owned subsidiary of our Controlling Shareholder. During the Relevant Period, Longtianyong was our sole supplier of silver ingots. Since April 2016, we have procured silver ingots from Longtianyong at the prevailing market rates of silver ingots.

Investors should note that in general, the prevailing market rates of silver ingots are higher than the cost of production of silver ingots, and accordingly, our Group's profit for the year ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016 does not reflect our financial performance based on arm's length transfers of silver ingots from Longtianyong for our Group's business during the Relevant Period.

The following table sets forth the information regarding the cost of silver ingots provided by Longtianyong for our Group's business for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(Unaudited)	
(A) Longtianyong's cost of silver ingots at its historical cost of production during the Relevant Period	140,899	298,623	41,750	41,750	N/A
(B) Cost of silver ingots calculated based on their then prevailing market rates during the Relevant Period [(1)]	173,655	312,080	44,688	44,688	N/A
The difference between (A) and (B) (being (A) less (B))	(32,756)	(13,457)	(2,938)	(2,938)	N/A
Cost of silver ingots purchased from Longtianyong at prevailing market rates since April 2016	N/A	N/A	278,959	191,818	268,095

Note:

(1) The prevailing market rates were determined by reference to the published market price of silver ingots at Shanghai White Platinum & Silver Exchange (上海華通鉑銀交易市場有限公司) on the relevant dates when Longtianyong supplied the silver ingots for our business during the Relevant Period.

Presentation of Our Listing Segment's Profitability Based on Cost of Silver Ingots at Prevailing Market Rates

Our Directors are of the view that in order to provide investors with a meaningful measure of the overall profit generating capabilities of our business during the Track Record Period and after the Listing, it is appropriate to present profitability measures that take into account our cost of silver ingots at their then prevailing market price during the Relevant Period.

Accordingly, to illustrate our Group's profitability based on transfers of silver ingots on an arm's length's basis, our chief operating decision maker (the "**CODM**") made certain assessment of the performance of our Group's business, and adopted the concept of the Listing Segment as our sole reporting segment during the Track Record Period to account for the cost of silver ingots of the business of our Group at their then prevailing market rates during the Relevant Period. The presentation of our Listing Segment's profitability and financial information based on cost of silver ingots at prevailing market rates is to differentiate from the financial information presentation of our Group in this prospectus, which accounted for the cost of silver ingots at the historical production cost incurred by Longtianyong during the Relevant Period. The reconciliation of our Group's profit for the year ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017 to the Listing Segment profit for the same periods includes adjustments which represented the difference between the historical cost of production of silver ingots incurred by Longtianyong in accordance with IFRSs and their then prevailing market rates, as well as the corresponding effect on income tax expense as a result of such reconciliation. See Note 5 to our consolidated financial statements in "Appendix I — Accountants' Report".

The table below sets out the reconciliation of our Group's profit for the year/period to our Listing Segment's profit for the year/period:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(Unaudited)	
Our Group's profit for the year/period	37,509	32,954	50,264	50,127	67,642
Adjustments to cost of silver ingots(1)	(32,756)	(13,457)	(2,938)	(2,938)	—
Adjustments to income tax expense(1)	4,914	1,957	734	734	—
Listing Segment profit for the year/period	**9,667**	**21,454**	**48,060**	**47,923**	**67,642**

Note:

(1) The adjustments represented the difference between the historical cost of production of silver ingots incurred by Longtianyong in accordance with IFRSs and the cost of such silver ingots calculated based on their then prevailing market rates, and the corresponding effect on income tax expense as a result of such reconciliation.

Based on the aforementioned reconciliation, the table below sets forth a summary of our Listing Segment's financial information for the periods indicated, having regard to the cost of silver ingots at their then prevailing market rates during the Relevant Period:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(Unaudited)	
Listing Segment revenue - external sales	291,218	835,345	2,465,291	1,819,689	3,154,421
Cost of sales	(252,164)	(749,323)	(2,318,714)	(1,701,883)	(2,969,164)
Gross profit	39,054	86,022	146,577	117,806	185,257
Other income, gains and losses	300	1,518	6,147	5,780	1,517
Selling and distribution expenses	(10,827)	(27,998)	(43,398)	(32,984)	(35,685)
Administrative expenses	(13,480)	(31,548)	(44,136)	(32,335)	(39,502)
Share of results of associates	(400)	400	350	350	(18)
Listing expenses	—	—	(3,802)	—	(16,608)
Listing Segment profit before tax	14,647	28,394	61,738	58,617	94,961
Income tax expense	(4,980)	(6,940)	(13,678)	(10,694)	(27,319)
Listing Segment profit for the year/period	**9,667**	**21,454**	**48,060**	**47,923**	**67,642**

Our Listing Segment profit for the year ended 31 December 2014, 2015 and 2016 and for the ten months ended 31 October 2016 and 2017, as illustrated above, represents the profitability of our business on the basis of transfers of silver ingots to us at their then prevailing market rates which our Directors consider better reflect the profit generating capabilities of our business during the Track Record Period and is therefore in substance more consistent with the current and future mode of our business. Accordingly, in this prospectus, we have disclosed and analysed information in respect of the cost of sales and profitability of the Listing Segment by reference to the above information.

For further details, please refer to Notes 1 and 5 of our consolidated financial statements in "Appendix I — Accountants' Report".

OVERVIEW

We are the largest integrated online and offline Internet-based jewellery retailer in China in terms of sales revenue in 2016 and the number of online registered user accounts as of 31 December 2016, according to the Frost & Sullivan Report. We sell a wide selection of self-branded and third-party branded jewellery products, including gold bars, silver bars, wearable jewellery, silverwares and other collectibles, primarily through our self-operated online platform (comprising **www.csmall.com**, **m.csmall.com**, and the mobile App of 金貓銀貓CSmall), our third-party online sales channels as well as our offline sales and service network (mainly comprising 115 CSmall Shops and the Shenzhen Exhibition Hall as of 31 October 2017). During the Track Record Period, we witnessed substantial growth of our revenue and profit. Our total revenue was RMB291.2 million, RMB835.3 million, RMB2,465.3 million, RMB1,819.7 million and RMB3,154.4 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 191.0% from 2014 to 2016, and our Listing Segment net profit was RMB9.7 million, RMB21.5 million, RMB48.1 million, RMB47.9 million and RMB67.6 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, representing a CAGR of 122.7% from 2014 to 2016.

During the Track Record Period, we significantly increased our revenue and profit primarily through (i) the expansion of our integrated online and offline jewellery retail structure by increasing the number and geographic coverage of our distribution channels, which effectively extended our customer reach and increased our market penetration in China; (ii) devoting resources to and investing in sales and marketing strategies, such as promotional sales of gold bars at competitive prices; (iii) providing a diversified range of multi-brand and multi-tier jewellery products; and (iv) enhancing the CSmall brand and its market recognition.

Our significant revenue growth through our expanding retail structure was primarily driven by the increased sales of gold products, whose revenue continued to grow significantly during the Track Record Period and accounted for the majority of our revenue in 2015, 2016 and the ten months ended 31 October 2017. Our significantly increased revenue from sales of gold products during the Track Record Period was mainly attributable to our online sales and marketing strategies involving promotional sales of gold bars at competitive prices. A significant portion of gold bars was sold through our self-operated online platform as it offers convenient access to customers for purchasing gold products at competitive prices. The increased revenue from our offline sales and service network during the Track Record Period in general (except in 2016) was also primarily due to the increased sales of gold products through the expansion of our CSmall Shops, in particular, the franchised CSmall Shops. The Group's sales and marketing efforts during the Track Record Period has enhanced the market recognition of the CSmall brands and our products. The increased revenue from our offline sales and service network in 2016 was primarily due to the increased sales of our silver products through our franchised CSmall Shops and the increase in our revenue from Shenzhen Exhibition Hall. See the section headed "Business — Our Integrated Online and Offline Jewellery Retail Structure — Overview" in this prospectus for more information.

Our profitability during the Track Record Period was primarily affected by the selling prices of our products. The decrease in our gross profit margin during the Track Record Period was primarily attributable to the increased sales of our gold bars with competitive prices. However, our sales of gold bars in 2015, 2016 and the ten months ended 31 October 2017 experienced significant growth and achieved positive outcome in the form of (i) increased customer traffic; (ii) increased revenue and profit in absolute amounts; and (iii) promoting the CSmall brand. Successful efforts in 2016, in particular, in our promotional sales of gold bars, have (a) demonstrated that our procurement, inventory and logistic systems are able to manage such high sales volume of gold products to meet the high demand for gold in China; and (b) enhanced our reputation for the quality of our products, which we believe has helped attracted quality customers in 2017. In particular, during the ten months ended 31 October 2017, a PRC state-owned enterprise (which is our largest customer in this period), a few jewellery companies and certain individuals purchased customised or CSmall branded gold bars from our self-operated online platform. We believe that our sales of gold bars at competitive prices in the near future will continue to create value for us in the aforementioned aspects, but we will do so in conjunction with other strategies such as diversifying product mix, promoting jewellery products with higher profit margins and promoting the CSmall Gift initiatives to limit the impact on our overall profit margin. With respect to our sale of gold products, we are exploring the continuation of the new relationships built with the jewellery companies and individual customers during the ten months ended 31 October 2017 and we will continue to conduct limited promotional sales of gold bars but with refined strategies to target small purchase volume customers (for examples, flash sales of gold bars but limiting the volume that a registered user may order). Accordingly, in the near future, we expect our gross profit margin to remain relatively low. See the sections headed "— Significant Factors Affecting Our Results of Operations — Our Product Pricing" and "— Significant Factors Affecting Our Results of Operations — Our Product Portfolio" in this prospectus for more information.

BASIS OF PRESENTATION

In anticipation of the Listing and as part of the Reorganisation, on 19 January 2017, our Company was incorporated in the Cayman Islands as the new holding company of our Group. Since August 2016, we carried out several steps to effect the Reorganisation. For the details of such steps, see the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments" in this prospectus.

Longtianyong and FY Silver are wholly owned subsidiaries of China Silver Group and will remain so after the Listing. During the Relevant Period, Longtianyong had used some of the silver ingots to produce silver products through external OEM contractors which it subsequently sold to Shenzhen Guoyintongbao for further on-sale and directly to Independent Third Party end customers; while FY Silver purchased silver products from Shenzhen Guoyintongbao for sales to operators of television channels who required their counterparties to have certain operating history (which Shenzhen Guoyintongbao did not have at the time). Since April 2016, Longtianyong has ceased to outsource the manufacturing of silver products to external OEM contractors and has also ceased to sell silver products. Instead, it sold silver ingots to Jiangxi Jiyin, a subsidiary of our Company which arranges external OEM contractors to use the silver ingots sourced from Longtianyong to manufacture silver and jewellery products which are then sold by Shenzhen Guoyintongbao to Independent Third Party end customers. FY Silver ceased its business of sales of silver products in September 2016 and since then our sales of silver products have been conducted through Shenzhen Guoyintongbao and its subsidiaries.

The Company and its subsidiaries now comprising the Group engage in the business of design and sales of gold, silver and jewellery products in the PRC. The operations of Longtianyong and FY Silver described above that formed a part of the Group's business are collectively defined as the "**New Jewellery Retail Business Units**".

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The New Jewellery Retail Business Units have been under the common control of China Silver Group throughout the Track Record Period, and therefore for the purpose of presenting the financial positions, financial results and cash flows of the Group, the New Jewellery Retail Business Units are deemed to be part of the Group throughout the Track Record Period. Accordingly, the historical financial information of the Group ("**Historical Financial Information**"), has been prepared on the basis as if the Company had always been the holding company of the Group. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the three years ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016 include the results, changes in equity and cash flows of the New Jewellery Retail Business Units and the existing entities comprising the Group as if the business conducted by the Group including that previously under the New Jewellery Retail Business Units had been operated by the Group throughout the Track Record Period. In addition, the consolidated statements of financial position of the Group as at 31 December 2014, 2015 and 2016 have been prepared to present the assets and liabilities of the Group's business, as if the current group structure had been in existence and the New Jewellery Retail Business Units had been with the Group on 31 December 2014 and 2015. See Note 1 to our consolidated financial statements included in "Appendix I — Accountants' Report" to this prospectus for more details.

Please also refer to the section headed "— Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" for a description and analysis of certain financial information relating to our sole operating and reporting segment, the Listing Segment.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Consumer Demand for Our Products

Our results of operations depend on consumer demand for our jewellery products. The PRC economy has grown rapidly over the past decades. According to the PRC National Bureau of Statistics, the per capita annual disposable income of urban households has been increasing steadily in the PRC over the past years from RMB24,565 in 2012 to RMB33,616 in 2016, representing a CAGR of 8.2% from 2012 to 2016. According to the Frost & Sullivan Report, the strong economic developments in the past decade have paved the way for the rapid growth in jewellery sales in the PRC, and the PRC jewellery retail market witnessed steady growth from 2012 to 2016. The sales revenue of the PRC jewellery retail market increased from RMB514.9 billion in 2012 to RMB708.0 billion in 2016, representing a CAGR of 8.3% from 2012 to 2016. Partly benefited by the strong consumer demand for our products, our revenue increased significantly from RMB291.2 million in 2014 to RMB835.3 million in 2015, further increased significantly to RMB2,465.3 million in 2016, and increased by 73.3% to RMB3,154.4 million in the ten months ended 31 October 2017 compared to RMB1,819.7 million in the same period in 2016. According to the Frost & Sullivan Report, the PRC jewellery retail market is estimated to grow at a CAGR of 7.9% from 2016 to 2021, reaching a total sales revenue of RMB1,035.6 billion in 2021. Considering our leading market position and our growth strategy, we believe we are well-positioned to benefit from such growth.

Meanwhile, driven by the increasing disposable income and purchasing power, the government support for "Internet Plus" initiatives and the development of the mobile Internet industry, the PRC online jewellery retail market developed rapidly. According to the Frost & Sullivan Report, the sales revenue of the PRC online jewellery retail market increased from RMB14.3 billion in 2012 to RMB46.4 billion in 2016, representing a CAGR of 34.1% from 2012 to 2016, and is estimated to grow at a CAGR of 24.0% during the period from 2016 to 2021, with the total sales revenue reaching RMB135.9 billion in 2021. Partly as a result of such significant growth in the PRC online jewellery retail market, our revenue from the online sales channels increased significantly from RMB47.9 million in 2014 to RMB345.8 million in 2015 and further to RMB1,950.5 million in 2016, and increased by 68.7% to RMB2,391.1 million in the ten months ended 31 October 2017 compared to RMB1,417.3 million in the same period in 2016. In addition, consumers' pursuit for comprehensive shopping experience and the growing influence of the PRC's younger generation who value shopping convenience as well as good shopping experience have led to the rapid growth of the PRC integrated online and offline jewellery retail market. According to the Frost & Sullivan Report, the sales revenue of the PRC integrated online and offline jewellery retail market increased from RMB7.5 billion in 2012 to RMB34.0 billion in 2016, representing a CAGR of 46.1% from 2012 to 2016, and is estimated to grow at a CAGR of 26.4% from 2016 to 2021. We expect to continue expand our integrated online sale channels and offline sales and service network to capture the unmet demand of the relevant market in China.

Our Product Portfolio

Our revenue and gross profit margin (based on our Group's cost of sales at historical cost) are affected by the mix of our products. Our jewellery products consist of gold products, silver products, and gem-set and other jewellery products, according to their primary raw materials. Revenue from our sales of gold and silver products altogether accounted for a significant portion of our revenue from sales of jewellery products during the Track Record Period. Furthermore, the increases in our revenue during the Track Record Period were primarily due to the increases in the sales of our gold products. In particular, our revenue from the gold product sales increased significantly from RMB56.7 million in 2014 to RMB421.6 million in 2015 and further to RMB1,936.5 million in 2016, and increased by 83.2% to RMB2,550.6 million in the ten months ended 31 October 2017 compared to RMB1,392.6 million in the same period in 2016.

See the section headed "— Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue by Product Category" for a breakdown of our revenue from sales of jewellery products by product category of products for the periods indicated.

In general, the gross profit for each of our main product category, such as gold, silver and gem-set and other jewellery products and its respective sub-category, such as gold bars, silver bars and other gold and silver products, continued to increase during the Track Record Period, which reflects our rapid expansion of business. The gross profit margin of gold and silver bars in general was lower than that of other gold and silver products during the Track Record Period mainly due to less casting work involved in the production of gold and silver bars. The changes in the gross profit margin of each of our main product category, such as gold, silver and gem-set and other jewellery products, during the Track Record Period mainly reflect the overall gross profit margin of different product mix of its respective sub-category, such as gold bars, silver bars and other gold and silver products. See the section headed "— Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin — Our Group — By Product".

According to Frost & Sullivan Report, the gross profit margins of jewellery products vary primarily according to their raw materials and the level of their casting work and their relative proportions. For example, jewellery products with more complicated casting work generally enjoy a higher gross profit margin. On the other hand, assuming the same level of casting work for the same jewellery products, silver products generally have a higher gross profit margin than gold products. In 2015 and 2016, the gross profit margin of our jewellery product sales continued to decrease primarily due to our increased sales of gold products without complicated casting work, as a percentage of our total jewellery product sales.

The gross profit margin of our gem-set and other jewellery products is substantially affected by the composition of the raw materials and their designs and manufacturing costs. The gross profit margin of our gem-set and other jewellery products was higher in 2015 and 2016 and in the ten months ended 31 October 2017, primarily due to the increase in sales of our gem-set and other jewellery products with relatively higher gross profit margins, mainly including diamond jewellery products. The gross profit margins of diamond jewellery products also vary mainly depending on the color, carat, clarity and cut of the diamonds used in the jewellery products and the level of craftsmanship involved.

Please see the section headed "— Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin — Our Listing segment" for the breakdown of our gross profit/(loss) and gross profit margin based on our Listing Segment cost of sales at prevailing market rates for the Track Record Period.

Our Product Pricing

Our profitability is affected by the selling prices of our products. Our pricing mainly depends on factors such as cost of raw materials and finished goods, cost of casting work, weight and the jewellery components contained in each of the products, styles and designs, complexity and novelty of the design, and our expected margins. See the section headed "Business — Pricing" in this prospectus for more information. According to the Frost & Sullivan Report, the average price of gold and silver per gram in 2015 decreased by 6.6% and 13.3%, respectively, and then increased by 13.8% and 15.4%, respectively, in 2016, and further increased by 3.1% and 4.5%, respectively in the ten months ended 31 October 2017. Generally in line with the trend of gold and silver prices in China, our average cost of gold and silver per gram decreased by 6.4% and 15.4%, respectively, in 2015, then increased by 13.7% and 18.2%, respectively, in 2016. In the ten months ended 31 October 2017, our average cost of gold further increased by 3.6% and our average cost of silver remained stable. Similarly, our average selling price of gold and silver products per gram also decreased by 1.1% and 25.8%, respectively, in 2015, then increased by 12.0% and 18.4%, respectively, in 2016, and further increased by 3.9% and 5.2%, respectively, in the ten months ended 31 October 2017. The trend of our gold and silver product prices was generally in line with the trend of gold and silver prices in China in the relevant periods. The average selling price of our silver products per gram decreased at a higher percentage than the silver market price in 2015 mainly due to our more competitive pricing strategy for silver products in such period.

In addition, we may adopt different pricing strategies for different products and at different time. For example, we gradually increased the mark-up percentages of our gold product prices in 2015 to achieve higher profit margins after our first year of operation in 2014 during which we adopted competitive pricing strategies for gold products mainly to expand our initial customer base. As a result, we achieved a gross profit margin of 3.0% for our gold products in 2015 as compared to a gross loss for our gold products in 2014. During the same period, the gross profit margin of our silver products decreased from 31.9% in 2014 to 20.4% in 2015, which was partly due to the more competitive pricing strategy we adopted for our silver products in 2015 in order to attract more customers.

The following table sets out the volume and average selling prices (which include a 17% VAT on our revenue from the relevant products) of our products and their respective revenue by channel for the periods indicated:

	For the year ended 31 December									For the ten months ended 31 October					
	2014			2015			2016			2016			2017		
	Volume[1]	Average selling price	Revenue	Volume[1]	Average selling price	Revenue	Volume[1]	Average selling price	Revenue	Volume[1]	Average selling price	Revenue	Volume[1]	Average selling price	Revenue
	(in RMB for average selling price and in thousands of RMB for revenue, except volume)														
Online Sales Channels															
Self-operated online platform															
Gold products	10	230.9	1.9	769,760	239.2	157,402.7	7,572,829	268.3	1,736,853.9	5,387,863	270.2	1,244,436.6	8,678,106	278.2	2,063,280.6
Gold bars	—	—	—	677,663	240.1	139,056.3	7,051,482	267.3	1,610,728.3	5,230,958	268.8	1,201,972.2	7,872,994	277.2	1,865,174.6
Other gold jewellery products[2]	10	230.9	1.9	92,098	233.1	18,346.4	521,347	283.0	126,125.6	156,905	304.4	42,464.3	805,112	287.9	198,106.0
Silver products	134,066	5.3	612.2	6,817,160	4.7	27,148.9	12,370,849	7.0	74,153.4	10,327,635	6.4	56,848.6	20,622,132	6.9	122,066.8
Silver bars	117,356	4.7	468.4	1,672,455	4.3	6,094.7	5,189,347	5.3	23,534.9	4,009,059	5.2	17,736.9	9,771,597	5.7	47,942.9
Other silver jewellery products[3]	16,710	10.1	143.8	5,144,705	4.8	21,054.2	7,181,502	8.2	50,618.5	6,318,577	7.2	39,111.7	10,850,535	8.0	74,123.9
Gem-set and other jewellery products	14	8,065.0	96.5	14,937	1,094.5	13,973.3	12,015	1,528.9	15,700.5	10,563	1,313.0	11,853.6	42,009	863.0	30,985.4
Third-party online sales channels															
Gold products	81,688	245.3	17,129.1	287,604	242.0	59,486.5	207,244	281.2	49,802.1	184,646	284.9	44,963.3	250,144	280.2	59,912.4
Gold bars	81,224	244.2	16,951.7	285,258	240.8	58,719.4	203,575	280.3	48,763.5	181,359	284.0	44,018.1	250,028	280.3	59,901.6
Other gold jewellery products[2]	464	446.7	177.4	2,347	382.5	767.1	3,669	331.2	1,038.5	3,288	336.4	945.2	117	107.9	10.8
Silver products	6,536,177	5.4	29,988.0	22,803,333	4.5	87,248.5	14,970,553	5.7	73,358.8	12,352,078	5.6	58,880.2	24,218,939	5.5	114,235.3
Silver bars	5,642,086	5.5	26,535.0	18,890,328	4.3	69,044.2	7,898,066	5.3	35,758.9	5,915,591	5.1	25,612.2	20,174,776	5.4	93,522.1
Other silver jewellery products[3]	894,091	4.5	3,453.0	3,913,004	5.4	18,204.3	7,072,486	6.2	37,600.9	6,436,487	6.0	33,268.0	4,044,163	6.0	20,713.1
Gem-set and other jewellery products	2,240	57.4	109.9	8,486	75.9	550.6	10,730	71.8	658.6	8,922	44.7	340.7	2,503	281.7	602.7
Offline Sales and Service Network															
CSmall Shops															
Gold products	58,235	243.7	12,128.3	984,249	242.5	203,995.2	596,300	288.6	147,074.9	396,629	299.9	101,666.6	1,052,380	296.6	266,807.2
Gold bars	36,999	241.0	7,622.1	715,242	239.4	146,349.1	575,593	289.0	142,171.2	378,406	300.9	97,334.1	502,744	279.6	120,162.3

	For the year ended 31 December									For the ten months ended 31 October					
	2014			2015			2016			2016			2017		
	Volume(1)	Average selling price	Revenue	Volume(1)	Average selling price	Revenue	Volume(1)	Average selling price	Revenue	Volume(1)	Average selling price	Revenue	Volume(1)	Average selling price	Revenue
	(in RMB for average selling price and in thousands of RMB for revenue, except volume)														
Other gold jewellery products(2)	21,236	248.3	4,506.2	269,007	250.7	57,646.1	20,707	277.1	4,903.7	18,222	278.2	4,332.5	549,636	312.2	146,644.9
Silver products	11,927,850	6.9	70,177.7	38,049,648	4.9	159,047.4	48,751,073	5.5	230,448.6	43,711,109	5.4	202,764.6	26,502,281	6.0	135,174.7
Silver bars	6,227,376	5.2	27,921.2	19,637,563	4.4	74,523.5	24,118,399	5.3	108,521.8	22,333,927	5.2	99,029.8	11,352,610	5.4	52,297.1
Other silver jewellery products(3)	5,700,473	8.7	42,256.5	18,412,085	5.4	84,523.9	24,632,674	5.8	121,926.8	21,377,182	5.7	103,734.8	15,149,672	6.4	82,877.6
Gem-set and other jewellery products	16,988	44.4	644.4	66,612	106.2	6,046.2	33,065	250.7	7,085.7	24,497	303.1	6,346.1	64,627	2,133.4	117,840.1
Shenzhen Exhibition Hall															
Gold products	132,349	243.0	27,489.5	3,334	262.6	748.1	4,157	309.6	1,100.0	3,122	314.4	839.0	638,974	287.4	156,937.6
Gold bars	11,117	231.6	2,200.7	2,426	240.4	498.5	1,762	282.7	425.7	1,596	276.1	376.5	256,563	275.8	60,488.7
Other gold jewellery products(2)	121,231	244.1	25,288.8	908	321.6	249.6	2,395	329.4	674.3	1,526	354.5	462.4	382,411	295.1	96,448.9
Silver products	21,841,753	6.8	127,704.8	25,706,862	5.3	115,758.7	25,090,255	5.6	120,104.4	18,484,621	5.4	84,525.1	9,464,123	6.2	49,794.8
Silver bars	14,750,507	5.2	65,845.3	14,848,305	4.7	60,131.5	16,304,599	5.1	70,717.0	12,689,620	4.5	49,336.5	2,136,789	5.5	10,003.8
Other silver jewellery products(3)	7,091,246	10.2	61,859.5	10,858,557	6.0	55,627.2	8,785,656	6.6	49,387.4	5,795,001	7.1	35,188.7	7,327,334	6.4	39,791.0
Gem-set and other jewellery products	23,387	256.9	5,136.1	18,607	16.8	268.0	91,515	21.5	1,683.0	64,357	25.0	1,373.8	163,809	153.8	21,539.5
Third-party offline points of sale															
Gold products	—	—	—	—	—	—	6,271	304.6	1,632.8	2,268	339.4	658.1	15,062	284.9	3,667.4
Gold bars	—	—	—	—	—	—	4,665	287.4	1,146.0	847	327.5	237.0	12,829	282.7	3,100.0
Other gold jewellery products(2)	—	—	—	—	—	—	1,606	354.6	486.8	1,422	346.5	421.0	2,241	297.2	567.4
Silver products	—	—	—	594,144	7.2	3,655.0	853,528	6.8	4,989.4	707,146	6.8	4,098.2	304,752	7.3	1,903.3
Silver bars	—	—	—	32,892	0.8	21.7	276,785	5.1	1,204.4	197,005	4.9	833.2	93,997	5.7	461.1
Other silver jewellery products(3)	—	—	—	561,253	7.6	3,633.4	576,743	7.7	3,785.0	510,141	7.5	3,265.0	210,755	8.0	1,442.2
Gem-set and other jewellery products	—	—	—	2,058	9.2	16.1	567	243.7	118.1	390	282.4	94.1	2,903	116.7	289.6

	For the year ended 31 December									For the ten months ended 31 October					
	2014			2015			2016			2016			2017		
	Volume[(1)]	Average selling price	Revenue	Volume[(1)]	Average selling price	Revenue	Volume[(1)]	Average selling price	Revenue	Volume[(1)]	Average selling price	Revenue	Volume[(1)]	Average selling price	Revenue
	(in RMB for average selling price and in thousands of RMB for revenue, except volume)														
CSmall Gift Initiatives															
Gold products	—	—	—	—	—	—	115	319.0	31.4	—	—	—	—	—	—
Gold bars	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other gold jewellery products[(2)]	—	—	—	—	—	—	115	319.0	31.4	—	—	—	—	—	—
Silver products	—	—	—	—	—	—	46,458	6.3	248.5	—	—	—	29,717	6.7	168.9
Silver bars	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other silver jewellery products[(3)]	—	—	—	—	—	—	46,458	6.3	248.5	—	—	—	29,717	6.7	168.9
Gem-set and other jewellery products	—	—	—	—	—	—	2,272	127.0	246.6	—	—	—	6,917	1,558.6	9,214.2

Notes:

(1) The volume of gold and silver products is measured by gram, and the volume of gem-set and other jewellery products is measured by the number of pieces.

(2) Other gold jewellery products mainly include products not in the form of bars, such as gold statues, gold rings, earrings, necklaces, pendants, bracelets, charms, brooches and other gold collectibles. The average selling price of our other gold jewellery products is generally higher than that of our gold bars in the same period primarily because our other gold jewellery products involve more casting work and therefore command a higher gross profit margin, except in some cases our other gold jewellery products are mounted with materials other than gemstones or our other gold jewellery products are sold at discount in our promotional sales, then the average selling price of our other gold jewellery products is lower than that of our gold bars. In addition, the average selling price of our gold products is generally higher than the average spot price of gold in the PRC in the same period, except where certain products are sold at discount in our promotional sales, certain gold products are mounted with materials other than gemstones or the gold spot price in the PRC in certain period in a year is lower than the average gold spot price and we sell relatively more products in that period.

(3) Other silver jewellery products mainly include products not in the form of bars, such as silver statues, other silverware, silver rings, earrings, necklaces, pendants, bracelets, charms, brooches and other silver collectibles. The average selling price of our other silver jewellery products is generally higher than that of our silver bars in the same period primarily because our other silver jewellery products involve more casting work and therefore command a higher gross profit margin, except in some cases our other silver jewellery products are mounted with materials other than gemstones or our other silver jewellery products are sold at discount in our promotional sales, then the average selling price of our other silver jewellery products is lower than that of our silver bars. In addition, the average selling price of our silver products is generally higher than the average spot price of silver in the PRC in the same period, except where certain products are sold at discount in our promotional sales, certain silver products are mounted with materials other than gemstones or the silver spot price in the PRC in certain period in a year is lower than the average silver spot price and we sell relatively more products in that period.

Expansion and Performance of Our Online Sales Channels

Our revenue from online sales channels recorded significant growth during the Track Record Period, which contributed to our significant growth in our total revenue. Our revenue from online sales channels increased significantly from RMB47.9 million in 2014 to RMB345.8 million in 2015, and further to RMB1,950.5 million in 2016, and increased by 68.7% to RMB2,391.1 million in the ten months ended 31 October 2017 compared to RMB1,417.3 million in the same period in 2016. These increases were primarily driven by (i) the expansion of our self-operated online platform and the increased sales of gold products (in particular, gold bars) through such platform; (ii) the further expansion of our television and video shopping channels in 2015 and increased promotional cooperation with our television and video shopping channels in the ten months ended 31 October 2017; and (iii) the increasing market recognition of our brands and products and our offering of a wide range of jewellery product catering to diversified customers. See the section headed "Business — Our Integrated Online and Offline Jewellery Retail Structure — Overview" in this prospectus for more details. See the table sets forth a breakdown of our revenue (by product category) from our online sales channels, offline sales and service network and CSmall Gift Initiatives for the periods indicated in the section headed "— Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue by distribution channel".

The significant revenue growth through our online sales channels during the Track Record Period was primarily driven by the increased sales of gold products. Gold products are generally sold at high prices due to the high unit price of gold. The increased sales of gold products through our online sales channels were mainly attributable to the increased sales of gold bars sold through our self-operated online platform as it offers convenient and 24/7 access to customers for purchasing gold bars and other products at competitive prices. In addition, there has been growing customer demand for gold products in the PRC, primarily due to their appealing investment value and the long-standing cultural perception of gold as a symbol of wealth held by the general public. We also believe our increasing marketing recognition, our quality assurance for authenticity of our jewellery products and secure delivery contributed to the customer traffic to our self-operated online platform, thereby increasing purchases of our various types of jewellery products, including gold products. See the sections headed "Industry Overview — Jewellery Retail Market in the PRC — Main Drivers of the PRC Jewellery Retail Market — Traditional Symbolisation of Gold in the PRC" and "Industry Overview — Overview of the PRC Online Jewellery Retail Market — Future Opportunities and Challenges of the PRC Online Jewellery Retail Market — Increasing Demand for Gold and Silver" in this prospectus for more information. In 2014, 2015 and 2016 and the ten months ended 31 October 2017, the revenue from sales of gold bars through our online sales channels was RMB17.1 million, RMB197.8 million, RMB1,659.5 million and RMB1,865.2 million, respectively, representing 5.8%, 23.7%, 67.3% and 59.1% of our total revenue during the relevant period.

We generated a majority of our revenue from our online sales channels through our self-operated online platform in 2016 and the ten months ended 31 October 2017. Our Internet website, being the primary presence of our self-operated online platform, went into full operation in October 2014. Our mobile website and mobile App were launched in June 2015 and September 2015, respectively. As a result of our continued efforts to develop our self-operated online platform, our self-operated online platform experienced rapid growth in the user traffic, which contributed to the growth of our sales of jewellery products on our online sales channels during the Track Record Period. For example, our full-year PV, UV and IP were approximately 378.80 million, 125.90 million and 93.10 million, respectively, in 2016, and our ten-month PV, UV and IP were approximately 704.37 million, 136.54 million and 76.88 million, respectively, in the ten months ended 31 October 2017. The number of our registered user accounts was approximately 7.03 million as of 31 October 2017 compared to approximately 4.28 million as of 31 December 2016.

Furthermore, the growth of the sales through our online sales channels during the Track Record Period was partly attributable to the synergetic effect of receiving more customer traffic driven by our offline sales and service network. We believe that our on-the-ground sales and services available at our offline sales and service network, including jewellery fitting and maintenance services, are essential in jewellery shopping experience. Such services promoted the sales on our online sales channels because our customers can enjoy such customer services together with their online purchases. In addition, we also proactively promote our self-operated online platform at our offline sales and service network, which helps drive the offline customer traffic to our websites and mobile App. See the section headed "Business — Our Integrated Online and Offline Jewellery Retail Structure — Synergies of Our Integrated Online and Offline Jewellery Retail Structure" in this prospectus for more details.

The growth of our online sales channels was also partly attributable to our efforts to expand our television and video shopping channels in 2015 and the increased promotional cooperation with our television and video shopping channels in the ten months ended 31 October 2017. In 2014, 2015, 2016 and the ten months ended 31 October 2017, we sold our jewellery products through five (including one national television programme operators and four local television programme operators), twelve (including five national television programme operators and seven local television programme operators), 20 (including six national television programme operators and 14 local television programme operators) and 23 (including ten national television programme operators and 13 local television programme operators) television and video shopping channels, respectively. The total show time of our products on such channels amounted to approximately 6,000 minutes, 25,000 minutes, 27,000 minutes and 14,200 minutes, respectively, during the same periods. We believe that by cooperating with television and video shopping channels, we not only achieved satisfactory sales performance but also expanded our customer reach and enhanced our brand awareness among a broad range of television and video shopping channel viewers. The revenue from our television and video shopping channels was RMB39.2 million, RMB131.3 million, RMB111.1 million, RMB92.8 million and RMB169.1 million for 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, accounting for approximately 13.5%, 15.7%, 4.5%, 5.1% and 5.4%, respectively, of our total revenue during the same periods.

We believe that our diversified jewellery product offerings catering to a broad range of customers with different and evolving needs and preferences also contributed to the growth of our online sales channels during the Track Record Period. We offer a broad spectrum of jewellery products online. As of 31 October 2017, the jewellery products sold through our integrated online and offline jewellery retail structure covered 181 brands. During the Track Record Period, we launched 203, 239, 257 and 719 products designs for our self-branded jewellery products in 2014, 2015 and 2016 and the ten months ended 31 October 2017, respectively. See the sections headed "Business — Our Business Model — Our Platform Brand and Diversified Product Offerings" and "Business — Our Brands And Products — Our CSmall Platform Brand — Our Product Brands" in this prospectus for more details.

We are devoting a growing amount of resources to increase our product penetration through our online sales channels, and we expect sales from them to continue to account for a significant portion of our total revenue in the forseeable future. See the section headed "Business — Our Strategies — We will continue to expand and optimise our integrated online and offline jewellery retail structure and enhance the online and offline synergies" in this prospectus for more information.

Expansion and Performance of Our Offline Sales and Service Network

Our revenue from offline sales and service network increased significantly from RMB243.3 million in 2014 to RMB489.5 million in 2015, primarily driven by the increase in the number of our franchised CSmall Shops. Our revenue from offline sales and service network increased by 5.2% from RMB489.5 million in 2015 to RMB514.2 million in 2016, primarily due to the increase in the revenue from our self-operated CSmall Shops by 89.4% from RMB76.6 million in 2015 to RMB145.1 million in 2016 and the increase in our revenue from Shenzhen Exhibition Hall by 5.2% from RMB116.8 million in 2015 to RMB122.9 million in 2016, which was partially offset by the decrease in the revenue from our franchised CSmall Shops by 18.2% from RMB292.5 million in 2015 to RMB239.3 million in 2016. Our revenue from offline sales and service network increased significantly from RMB402.4 million in the ten months ended 31 October 2016 to RMB754.0 million in the same period in 2017, primarily due to the significant increases in the revenue from our franchised CSmall Shops and our Shenzhen Exhibition Hall from RMB210.6 million and RMB86.7 million, respectively, in the ten months ended 31 October 2016 to RMB415.4 million and RMB228.3 million, respectively, in the same period in 2017. See the table sets forth a breakdown of our revenue (by product category) from our online sales channels, offline sales and service network and CSmall Gift Initiatives for the periods indicated in the section headed "— Description of Selected Line Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue by distribution channel".

The following table sets forth a breakdown of the number of our offline sales and service network as of the dates indicated:

	As of 31 December			As of 31 October
	2014	2015	2016	2017
Offline Sales and Service Network				
CSmall Shops	47	101	113	115
of which:				
- Self-operated CSmall Shops	1	3	3	7
- Jointly operated CSmall Shops	—	1	9	4
- Franchised CSmall Shops	46	97	101	104
Shenzhen Exhibition Hall	1	1	1	1
Third-party offline points of sale [(1)]	—	2	2	2
Total	48	104	116	118

Notes:

(1) Third-party offline points of sale are commercial banks. The number of our third-party offline points of sale as of the dates indicated represents those from whom we had generated revenue for the relevant year or period.

The increases in the number of our CSmall Shops during the Track Record Period were mainly due to the addition of new franchised CSmall Shops as we continued to expanded our offline sales and service network in the more economically developed cities in China, partially offset by the gradual retirement of mono-brand CSmall Shops where the relevant franchisees preferred not to transform them into multi-brand CSmall Shops and the termination of certain underperforming CSmall Shops as we continued to optimise our offline sales and service network from 2015. As of 31 December 2014, 2015 and 2016 and 31 October 2017, we had a total of 47, 101, 113 and 115 CSmall Shops, respectively, of which 46, 97, 101 and 104 were franchised CSmall Shops, respectively.

Cost of Raw Materials and Finished Goods

Our profitability is affected by our cost of raw materials and finished goods. Cost of raw materials and finished goods was the largest component of our cost of sales (at historical cost) during the Track Record Period, which was RMB172.3 million, RMB646.7 million, RMB2,206.1 million, RMB1,601.0 million and RMB2,929.8 million, respectively, accounting for 78.5%, 87.9%, 95.3%, 94.2% and 98.7%, respectively, of our total cost of sales (at historical cost) in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017. During the Track Record Period, our Listing Segment cost of raw materials and finished goods (based on prevailing market rates) was RMB205.1 million, RMB660.1 million, RMB2,209.0 million, RMB1,603.9 million and RMB2,929.8 million, respectively, accounting for 81.3%, 88.1%, 95.3%, 94.2% and 98.7%, respectively, of our Listing Segment total cost of sales (based on prevailing market rates) in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017.

Fluctuations of our cost of raw materials and finished goods (primarily gold and silver), our ability to pass on their increases to our customers and our ability not to reflect their decreases in our selling price will affect our gross profit margin. We have generally been able to pass on increases in cost of gold and silver to our customers. Nonetheless, in certain cases we may not be able to pass on all such increases. Our ability to pass on increases in cost of gold and silver to our customers vary primarily depending on whether the jewellery products are priced mainly based on their cost of gold and silver or both their cost of gold and silver and cost of casting work. See the section headed "Business — Pricing — Product Pricing" in this prospectus for more information.

According to the Frost & Sullivan Report, the average price of gold and silver per gram in 2015 decreased by 6.6% and 13.3%, respectively, then increased by 13.8% and 15.4%, respectively, in 2016, and further increased by 3.1% and 4.5%, respectively, in the ten months ended 31 October 2017. Generally in line with the trend of gold and silver prices in China, our average cost of gold and silver per gram decreased by 6.4% and 15.4%, respectively, in 2015, and then increased by 13.7% and 18.2%, respectively, in 2016. In the ten months ended 31 October 2017, our average cost of gold further increased by 3.6% and our average cost of silver remained stable. Similarly, our average selling price of gold and silver products per gram also decreased by 1.1% and 25.8%, respectively, in 2015, then increased by 12.0% and 18.4%, respectively, in 2016, and further increased by 3.9% and 5.2%, respectively, in the ten months ended 31 October 2017. The trend of our gold and silver product prices was generally in line with the trend of gold and silver prices in China in the relevant periods. The average selling price of our silverproducts per gram decreased by a higher percentage than the silver market price in 2015 and increased by a lower percentage than the silver market price in the ten months ended 31 October 2017, mainly due to our more competitive pricing strategy for silver products in such periods. In addition, the increase in our average cost of silver per gram in 2016 and 2017 was also partly due to our cost of silver ingots being accounted for at prevailing market rates from April 2016, instead of their historical cost which only reflects the production cost of silver ingots by Longtainyong during the Relevant Period. See the section headed "— Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" for more details. We generally were able to pass on most of the increased cost of gold and all of increased cost of silver to our customers in 2016.

While fluctuations in the price of raw materials and finished goods could impact the selling prices of our products and our gross profit, we managed such price fluctuations through various selling strategies in order to maintain or enhance our sales and hence our gross profit.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Our significant accounting policies, such as policies on revenue recognition, property, plant and equipment and inventories, and critical accounting judgements, which are important for you to understand our financial condition and results of operations, are set forth in detail in Note 3 and Note 4, respectively, to "Appendix I — Accountants' Report" to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We have set forth below those accounting policies that we believe involve the most significant estimates and judgments used in preparing of our financial statements.

Consolidation of a structured entity

Because PRC laws and regulations limit foreign ownership for enterprises engaging in value-added telecommunication business, from 31 July 2014 until 22 August 2017, the Group had operated its own online sales platform through Shenzhen Yinruiji which entered into certain contractual agreements with our Group. See the section headed "History, Reorganisation and Group Structure — Our Former Subsidiaries and the Terminated Contractual Arrangements" in this prospectus for more details.

From 31 July 2014 until 22 August 2017, our Directors assessed whether we have control over Shenzhen Yinruiji and its subsidiaries based on if we have the power to direct the relevant activities of Shenzhen Yinruiji and its subsidiaries unilaterally, rights to variable returns from our involvement and the ability to use our power to affect Shenzhen Yinruiji and its subsidiaries's returns. In making their judgement, our Directors had considered the terms of the Contractual Agreements. See Note 25(b) to our consolidated financial statements included in "Appendix I — Accountants' Report" to this prospectus for more details.

Our Directors, after consulting their legal counsel, are of the view that, during the Track Record Period, the terms of the Contractual Arrangements have in substance enabled us to exercise full control over and enjoy all economic benefits of Shenzhen Yinruiji and its subsidiaries, despite the absence of formal legal equity interest held by us therein. Accordingly, Shenzhen Yinruiji and its subsidiaries are accounted for as a consolidated structured entity of our Group.

In the opinion of our Directors, with reference to opinion of legal counsel, during the period when they were valid and effective, the Contractual Arrangements were in compliance with the relevant PRC laws and regulations, valid, binding and enforceable, and did not result in any violation of PRC laws or regulations in effect then, in all material respects.

The Contractual Arrangements have subsequently been terminated and unwound on 22 August 2017. On 31 July 2017, Baiyin Town, a subsidiary of our Group, obtained approval for the VAT Business License, allowing Baiyin Town to provide online data processing and transaction processing services (operating e-commerce), which in turn, enable our Group to operate the online jewellery retail business through Baiyin Town without the Contractual Arrangements. Accordingly, upon and since the Contractual Arrangements having been terminated on 22 August 2017 and as of the Latest Practicable Date, the results of our online jewellery retail business have been consolidated into our Group's accounts through our wholly-owned subsidiary, Baiyin Town. Please refer to the section headed "History, Reorganisation and Group Structure — Our Former Subsidiaries and the Terminated Contractual Arrangements" in this prospectus for further details.

Allowance for inventories

Our inventories are valued at the lower of cost and net realisable value. We regularly review our inventory levels in order to identify slow-moving inventories. When we identify items of inventories which have a market price that is lower than its carrying amount, we estimate the amount of write-down of inventories as allowance for inventories. As of 31 December 2014, 2015 and 2016 and 31 October 2017, the carrying amounts of inventories were RMB33.8 million, RMB62.7 million, RMB344.0 million and RMB209.1 million, respectively. We did not make any allowance for inventories during the Track Record Period.

Estimated allowance for trade receivables

Our management regularly reviews the recoverability of trade receivables. Allowance for these receivables is made based on evaluation of collectability and on our management's judgment by reference to the estimation of the future cash flows discounted at an effective interest rate to calculate the present value. A considerable amount of judgment is required when our management assesses the ultimate realisation of these debtors, including their current creditworthiness. If the actual future cash flows were less than expected, allowance may be required. As of 31 December 2014, 2015 and 2016 and 31 October 2017, the carrying amounts of trade receivables were RMB33.6 million, RMB123.5 million, RMB56.8 million and RMB35.1 million, respectively.

DESCRIPTION OF SELECTED LINE ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following discussion summarises components of selected line items of consolidated statements of profit or loss and other comprehensive income appearing in "Appendix I — Accountants' Report" to this prospectus that we believe may be helpful in understanding the period-to-period discussions that follow.

Revenue

During the Track Record Period, we generated our revenue from the sales of jewellery products through our online sales channels and offline sales and service network. Our revenue increased significantly from RMB291.2 million in 2014 to RMB835.3 million in 2015 and further to RMB2,465.3 million in 2016, representing a CAGR of 191.0% from 2014 to 2016. Our revenue continued to increase by 73.3% to RMB3,154.4 million in the ten months ended 31 October 2017 compared to RMB1,819.7 million in the same period in 2016.

During the Track Record Period, certain of our self-branded jewellery products were manufactured by our OEM contractors and the other self-branded and third-party branded jewellery products were sourced from Independent Third Party jewellery suppliers.

Prices of the jewellery products are generally determined by cost of raw materials and finished goods, cost of casting work, weight and the jewellery components contained in each of the products, styles and designs, complexity and novelty of the design, and our expected margins. We generally adopt a uniform suggested retail price policy for our jewellery products offered through our online sales channels and offline sales and service network, while our franchisees may have certain discretion to conduct promotional sales under our franchise policies with minimum retail price requirements. For our wholesale customers, we also consider the strategic value of the customers when we determine the wholesale pricing.

Revenue by distribution channel

The following table sets forth a breakdown of our revenue (by product category) from our online sales channels, offline sales and service network and CSmall Gift Initiatives for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(in thousands of RMB, except percentages)									
							(unaudited)			
Online Sales Channels										
Self-operated online platform	**711**	**0.2%**	**198,524**	**23.8%**	**1,826,708**	**74.1%**	**1,313,139**	**72.2%**	**2,216,333**	**70.3%**
Gold products	2	0.0%	157,403	18.8%	1,736,854	70.5%	1,244,437	68.4%	2,063,281	65.4%
Silver products	612	0.2%	27,149	3.3%	74,153	3.0%	56,849	3.1%	122,067	3.9%
Gem-set and other jewellery products	97	0.0%	13,973	1.7%	15,700	0.6%	11,854	0.7%	30,985	1.0%
Third-party online sales channels	**47,227**	**16.2%**	**147,286**	**17.6%**	**123,820**	**5.0%**	**104,184**	**5.7%**	**174,750**	**5.5%**
Gold products	17,129	5.9%	59,487	7.1%	49,802	2.0%	44,963	2.5%	59,912	1.9%
Silver products	29,988	10.3%	87,248	10.4%	73,359	3.0%	58,880	3.2%	114,235	3.6%
Gem-set and other jewellery products	110	0.0%	551	0.1%	659	0.0%	341	0.0%	603	0.0%
Subtotal	**47,938**	**16.5%**	**345,810**	**41.4%**	**1,950,528**	**79.1%**	**1,417,323**	**77.9%**	**2,391,083**	**75.8%**
Offline Sales and Service Network										
CSmall Shops	**82,950**	**28.5%**	**369,089**	**44.2%**	**384,609**	**15.6%**	**310,778**	**17.1%**	**519,822**	**16.5%**
Gold products	12,128	4.2%	203,995	24.4%	147,075	6.0%	101,667	5.6%	266,807	8.5%
Silver products	70,178	24.1%	159,047	19.0%	230,449	9.3%	202,765	11.1%	135,175	4.3%
Gem-set and other jewellery products	644	0.2%	6,046	0.7%	7,086	0.3%	6,346	0.4%	117,840	3.7%
Shenzhen Exhibition Hall	**160,330**	**55.1%**	**116,775**	**14.0%**	**122,887**	**5.0%**	**86,738**	**4.8%**	**228,273**	**7.2%**
Gold products	27,490	9.4%	748	0.1%	1,100	0.0%	839	0.1%	156,938	5.0%
Silver products	127,705	43.9%	115,759	13.9%	120,104	4.9%	84,525	4.6%	49,795	1.6%
Gem-set and other jewellery products	5,136	1.8%	268	0.0%	1,683	0.1%	1,374	0.1%	21,540	0.6%
Third-party offline points of sale	**—**	**—**	**3,671**	**0.4%**	**6,740**	**0.3%**	**4,850**	**0.2%**	**5,860**	**0.2%**
Gold products	—	—	—	—	1,633	0.1%	658	0.0%	3,667	0.1%
Silver products	—	—	3,655	0.4%	4,989	0.2%	4,098	0.2%	1,903	0.1%
Gem-set and other jewellery products	—	—	16	0.0%	118	0.0%	94	0.0%	290	0.0%
Subtotal	**243,280**	**83.5%**	**489,535**	**58.6%**	**514,236**	**20.9%**	**402,366**	**22.1%**	**753,955**	**23.9%**

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(in thousands of RMB, except percentages)									
							(unaudited)			
CSmall Gift Initiatives [(1)]	—	—	—	—	527	0.0%	—	—	9,383	0.3%
Gold products	—	—	—	—	31	0.0%	—	—	—	—
Silver products	—	—	—	—	249	0.0%	—	—	169	0.0%
Gem-set and other jewellery products	—	—	—	—	247	0.0%	—	—	9,214	0.3%
Total	**291,218**	**100%**	**835,345**	**100%**	**2,465,291**	**100%**	**1,819,689**	**100.0%**	**3,154,421**	**100.0%**

Note:

(1) We launched our CSmall Gift Initiatives in September 2016.

Our revenue from online sales channels increased significantly from RMB47.9 million in 2014 to RMB345.8 million in 2015 and further to RMB1,950.5 million in 2016, and increased by 68.7% to RMB2,391.1 million in the ten months ended 31 October 2017 compared to RMB1,417.3 million in the same period in 2016. These increases were primarily due to (i) the expansion of our self-operated online platform and the increased sales of gold products through such platform; (ii) the further expansion of our television and video shopping channels in 2015 and increased promotional cooperation with our television and video shopping channels in the ten months ended 31 October 2017; and (iii) the increasing market recognition of our brands and products and our diversified jewellery product offerings catering to a wide range of customers. See the section headed "Business — Our Integrated Online and Offline Jewellery Retail Structure — Overview" in this prospectus for more details. For example, the revenue from our self-operated online platform increased significantly from RMB0.7 million in 2014 to RMB198.5 million in 2015 and further increased significantly to RMB1,826.7 million in 2016; and the revenue from our television and video shopping channels, the primary channels of our third-party online sales channels, increased significantly from RMB39.2 million in 2014 to RMB131.3 million in 2015, and also increased by 82.2% from RMB92.8 million in the ten months ended 31 October 2016 to RMB169.1 million in the same period in 2017. See "— Significant Factors Affecting Our Results of Operations — Expansion and Performance of Our Online Sales Channels" for more information.

Our revenue from offline sales and service network increased significantly from RMB243.3 million in 2014 to RMB489.5 million in 2015, primarily due to the increases in the number of our franchised CSmall Shops and the increased sales of silver and gold products due to their strong customer demand. Our revenue from Shenzhen Exhibition Hall decreased by 27.1% from RMB160.3 million in 2014 to RMB116.8 million in 2015. The decrease was primarily because we, to some extent, relied on sales from Shenzhen Exhibition Hall before our Internet website, being the primary presence of our self-operated online platform, went into full operation in October 2014 and when we had relatively few CSmall Shops in 2014. With our Internet website having become in full operation and more CSmall Shops having been established in 2015, we focused more on sales through our self-operated online platform instead of Shenzhen Exhibition Hall.

Our revenue from offline sales and service network increased by 5.2% from RMB489.5 million in 2015 to RMB514.2 million in 2016, primarily due to (i) the increased revenue from sales of our silver products through our offline sales and service network by 27.5% from RMB278.5 million in 2015 to RMB355.5 million in 2016, mainly as a result of the expansion of our franchised CSmall Shops and our diversified range of silver products catering to the strong customer demand; and (ii) the increase in our revenue from Shenzhen Exhibition Hall by 5.2% from RMB116.8 million in 2015 to RMB122.9 million in 2016, mainly because we attracted more customers to Shenzhen Exhibition Hall while we continued to enhance our brand recognition. The increase was partially offset by the decrease in the revenue from our franchised CSmall Shops by 18.2% from RMB292.5 million in 2015 to RMB239.3 million in 2016 mainly as a result of (i) the gradual retirement of mono-brand CSmall Shops where the relevant franchisees preferred not to transform them into multi-brand CSmall Shops and the termination of certain underperforming CSmall Shops as we continued to optimise our offline sales and service network and (ii) the establishment of fewer new franchise CSmall Shops, compared to 2015. In addition, the decrease in the revenue from our CSmall Shops in 2016 was primarily due to the reduced sales of gold bars through our franchised CSmall Shops as a result of our strategy to offer gold bars at competitive prices on our self-operated online platform.

Our revenue from offline sales and service network increased significantly from RMB402.4 million in the ten months ended 31 October 2016 to RMB754.0 million in the same period in 2017, primarily due to (i) the significant increase in the revenue from our CSmall Shops from RMB310.8 million in the ten months ended 31 October 2016 to RMB519.8 million in the same period in 2017, which was primarily driven by the significant increase in the revenue from sales to our franchised CSmall Shops from RMB210.6 million in the ten months ended 31 October 2016 to RMB415.4 million in the same period in 2017 mainly due to (a) the increases in sales of our gold products and gem-set and other jewellery products through our franchised CSmall Shops due to strong market demand and (b) the expansion of our CSmall Shops through a new multi-brand franchisee, Zhejiang Hengyin, which we developed in 2017 and which, as of 31 October 2017, operated 26 franchised CSmall Shops; and (ii) the significant increase in the revenue from our Shenzhen Exhibition Hall from RMB86.7 million in the ten months ended 31 October 2016 to RMB228.3 million in the same period in 2017 mainly due to the significant increases in the sales of gold products (including various kinds of wearable gold jewellery products and gold bars) and gem-set and other jewellery products mainly benefiting from the enhanced market recognition of our brands and products by our wholesale customers. The increase was partially offset by the decrease in our revenue from silver products sold through our CSmall Shops and Shenzhen Exhibition Hall primarily due to the decreased sales of certain silver collectible products as a result of changes in customer preference. In response to such evolving customer preferences, we sought to launch and promote our silver products that enjoy growing customer demand, such as affordable silver decorative tea sets, which substantially contributed to the increased sales of silver products through our online sales channels during such period.

In September 2016, we launched our CSmall Gift initiatives, through which we provide our jewellery products to our CSmall Gift partners. See the section headed "Business — Our CSmall Gift Initiatives" in this prospectus for more details. The revenue from our CSmall Gift initiatives in 2016 (for the last four months in 2016 since we launched our CSmall Gift initiatives in September 2016) and for the ten months ended 31 October 2017 was RMB0.5 million and RMB9.4 million, respectively.

Revenue by product category

The following table sets forth a breakdown of our revenue from sales of jewellery products by product category for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(in thousands of RMB, except percentages)									
Gold products	56,749	19.5%	421,632	50.5%	1,936,495	78.6%	1,392,563	76.5%	2,550,605	80.9%
Gold bars	26,774	9.2%	344,623	41.3%	1,803,235	73.2%	1,343,938	73.9%	2,108,827	66.9%
Other gold jewellery products[(1)]	29,975	10.3%	77,009	9.2%	133,260	5.4%	48,626	2.6%	441,778	14.0%
Silver products	228,482	78.5%	392,859	47.0%	503,303	20.4%	407,117	22.4%	423,344	13.4%
Silver bars	120,770	41.5%	209,816	25.1%	239,737	9.7%	192,549	10.6%	204,227	6.5%
Other silver jewellery products[(2)]	107,712	37.0%	183,043	21.9%	263,566	10.7%	214,568	11.8%	219,117	6.9%
Gem-set and other jewellery products	5,987	2.0%	20,854	2.5%	25,493	1.0%	20,008	1.1%	180,472	5.7%
Total	291,218	100%	835,345	100%	2,465,291	100%	1,819,689	100.0%	3,154,421	100.0%

Notes:

(1) Other gold jewellery products mainly include products not in the form of bars, such as gold statues, gold rings, earrings, necklaces, pendants, bracelets, charms, brooches and other gold collectibles.

(2) Other silver jewellery products mainly include products not in the form of bars, such as silver statues, other silverware, silver rings, earrings, necklaces, pendants, bracelets, charms, brooches and other silver collectibles.

The revenue from our sale of gold and silver products accounted for the majority of our total revenue during the Track Record Period.

The revenue from our sales of gold products increased significantly from RMB56.7 million in 2014 to RMB421.6 million in 2015 and further to RMB1,936.5 million in 2016, and increased by 83.2% to RMB2,550.6 million in the ten months ended 31 October 2017 compared to RMB1,392.6 million in the same period in 2016. These increases were primarily attributable to the increased sales of gold bars mainly due to (i) that our self-operated online platform provides easy access to customers for purchasing gold products online at competitive prices and (ii) the increasing customer demand of gold products in China. See the sections headed "— Significant Factors Affecting our Results of Operations — Expansion and Performance of Our Online Sales Channels" and "Industry Overview — Overview of The PRC Online Jewellery Retail Market — Future Opportunities and Challenges of the PRC Online Jewellery Retail Market — Increasing Demand for Gold and Silver" in this prospectus for more information.

The revenue from our sales of silver products increased by 71.9% from RMB228.5 million in 2014 to RMB392.9 million in 2015, and further increased by 28.1% to RMB503.3 million in 2016. These increases were primarily due to (i) that our self-operated online platform provides easy access to customers for purchasing silver products online at competitive prices and (ii) the increasing customer demand of silver products in China. The revenue from our sales of silver products slightly increased by 4.0% from RMB407.1 million in the ten months ended 31 October 2016 to RMB423.3 million in the same period in 2017.

The revenue from our gem-set and other jewellery products increased significantly from RMB6.0 million in 2014 to RMB20.9 million in 2015, then increased by 22.0% to RMB25.5 million in 2016, and further significantly increased to RMB180.5 million in the ten months ended 31 October 2017 compared to RMB20.0 million in the same period in 2016. The significant increase in 2015 was mainly due to our full operation of our Internet website from October 2014. The significant increase in the ten months ended 31 October 2017 was primarily due to the substantial increase in the sales of our gem-set and other jewellery products, primarily diamond jewellery products, through our franchisees, our self-operated online platform and our Shenzhen Exhibition Hall, which we also believe demonstrated the increasing customer confidence and trust in our high-price jewellery products.

Total sales amount by volume and average selling prices

The following table sets forth a breakdown of our total sales amount (tax inclusive) by the volume and average selling prices (tax inclusive) of our products for the periods indicated:

	For the year ended 31 December									For the ten months ended 31 October					
	2014			2015			2016			2016			2017		
	Volume (1)	Average selling price	Total sales amount (2)	Volume (1)	Average selling price	Total sales amount (2)	Volume (1)	Average selling price	Total sales amount (2)	Volume (1)	Average selling price	Total sales amount (2)	Volume (1)	Average selling price	Total sales amount (2)
	(in RMB, except volume)														
Gold products . . .	272,282	243.9	66,396,031	2,044,947	241.2	493,310,054	8,386,916	270.1	2,265,699,092	5,974,528	272.7	1,629,299,251	10,634,667	280.6	2,984,208,009
Gold bars . . .	129,341	242.2	31,326,125	1,680,587	239.9	403,209,270	7,837,076	269.2	2,109,784,684	5,793,166	271.4	1,572,407,369	8,895,157	277.4	2,467,327,868
Other gold jewellery products(3)	142,941	245.3	35,069,906	364,359	247.3	90,100,784	549,840	283.6	155,914,407	181,363	313.7	56,891,882	1,739,510	297.1	516,880,141
Silver products. . .	40,439,845	6.6	267,324,761	93,971,147	4.9	459,644,483	102,082,717	5.8	588,864,887	85,582,589	5.6	476,326,557	81,141,944	6.1	495,312,306
Silver bars . .	26,737,325	5.3	141,300,816	55,081,542	4.5	245,484,239	53,787,197	5.2	280,492,365	45,145,201	5.0	225,281,820	43,529,769	5.5	238,945,706
Other silver jewellery products(4)	13,702,520	9.2	126,023,945	38,889,604	5.5	214,160,244	48,295,519	6.4	308,372,522	40,437,388	6.2	251,044,737	37,612,175	6.8	256,366,600
Gem-set and other jewellery products . . .	42,629	164.3	7,004,709	110,700	220.4	24,399,397	150,164	198.6	29,826,257	108,729	215.3	23,409,818	277,762	760.2	211,151,741

Notes:

(1) The volume of gold and silver products is measured by grams, and the volume of gem-set and other jewellery products is measured by the number of pieces.

(2) The total sales amount is inclusive of a 17% VAT on top of our revenue from relevant products.

(3) Other gold jewellery products mainly include products not in the form of bars, such as gold statues, gold rings, earrings, necklaces, pendants, bracelets, charms and brooches and other gold collectibles.

(4) Other silver jewellery products mainly include products not in the form of bars, such as silver statues, other silverware, silver rings, earrings, necklaces, pendants, bracelets, charms and brooches and other silver collectibles.

In respect of gold and silver products, the sales volume measured by weight (i.e., gram) and the average selling price per gram are much more meaningful to assess the performance of such products' sales because such products are mainly priced based on their cost of raw materials of gold and silver mainly depending on their weight and to a lesser extent their casting work. On the other hand, although the sales volume measured by pieces can show to some extent the sales level of gold and silver products, the average selling price per piece of gold and silver products can be arbitrary because the size/weight of each piece can vary to a significant degree in different periods and so will the average selling price per piece. As certain of our gold and silver products (such as certain rings, earrings and necklaces sold through Shenzhen Exhibition Hall) are sold on a wholesale basis and therefore are measured primarily based on their weight rather than pieces, we approximated the number of pieces of such products in the relevant periods based on an estimated weight per piece by type of product. For information purpose, the following table sets out the approximate number of pieces of our products sold for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
Gold products	15,010	196,264	136,613	106,162	140,038
Silver products.	684,777	1,214,196	1,601,780	1,409,590	1,126,317
Gem-set and other jewellery products . . .	42,629	110,700	150,164	108,729	277,762

In general, the sales volume of each of our main product category, such as gold, silver and gem-set and other jewellery products, continued to increase during the Track Record Period, which were generally in line with our rapid expansion of business and reflected our successful marketing and promotional strategies.

Our revenue was also affected by our average selling price of our gold and silver products per gram during the Track Record Period which was, to some extent, also affected by our average cost of gold and silver per gram. Generally in line with the trend of gold and silver prices in China, our average cost of gold and silver per gram decreased by 6.4% and 15.4%, respectively, in 2015, then increased by 13.7% and 18.2%, respectively, in 2016. In the ten months ended 31 October 2017, our average cost of gold further increased by 3.6% and our average cost of silver remained stable. Similarly, our average selling price of gold and silver products per gram also decreased by 1.1% and 25.8%, respectively, in 2015, then increased by 12.0% and 18.4%, respectively, in 2016, and further increased by 3.9% and 5.2%, respectively, in the ten months ended 31 October 2017. In addition, the increase in our average cost of silver per gram in 2016 was also partly due to our cost of silver ingots which was accounted for at prevailing market rates from April 2016 instead of their historical cost which only reflects the production cost by Longtianyong during the Relevant Period. See the section headed "— Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" for more details. We were generally able to pass on most of the increased cost of gold and all of increased cost of silver to our customers during the Track Record Period. The average selling prices of our gem-set and other jewellery products mainly depend on the composition of the raw materials of such products during the relevant periods. The average selling price of our gem-set and other jewellery products in the ten months ended 31 October 2017 was significantly higher than that in 2014, 2015 and 2016 and the ten months ended 31 October 2016 primarily due to the significant increase in the sales of our diamond jewellery products.

The following tables set forth breakdowns of the total volume of our jewellery products by different selling price per piece (tax inclusive) of the jewellery products for the periods indicated:

Gold products

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
Selling price per piece			Volume (g)		
0-2,000	13,319	102,542	129,598	120,073	124,370
2,001-10,000	254,548	1,528,590	729,968	435,210	1,212,160
10,001-50,000	2,729	411,611	1,190,371	881,722	889,666
50,001-500,000	1,686	2,204	6,322,332	4,537,524	4,384,310
≥500,001 (up to 567,069)	—	—	14,647	—	4,024,161
Total	272,282	2,044,947	8,386,916	5,974,528	10,634,667

Silver products

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
Selling price per piece			Volume (g)		
0-2,000	22,491,504	42,737,445	61,879,035	49,057,550	41,058,806
2,001-10,000	17,917,685	50,454,171	38,260,725	35,565,415	38,541,514
10,001-50,000	19,347	504,156	1,774,235	917,427	1,476,002
50,001-100,000	11,309	275,376	168,722	42,196	65,621
≥100,001 (up to 105,930)	—	—	—	—	—
Total	40,439,845	93,971,147	102,082,717	85,582,589	81,141,944

Gem-set and other jewellery products

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
Selling price per piece	Volume (number of pieces)				
0-2,000	40,271	108,459	146,730	106,327	259,479
2,001-10,000	2,345	2,138	3,414	2,393	18,272
10,001-50,000	12	98	18	9	—
50,001-100,000	—	5	2	—	3
≥100,001 (up to 166,780)	1	—	—	—	8
Total	42,629	110,700	150,164	108,729	277,762

Cost of Sales

Our Group

Our cost of sales includes cost of raw materials such as gold and silver, casting work referring to gold and silver processing and finished goods such as jewellery products we source from third parties. Our cost of sales (at historical cost) increased significantly from RMB219.4 million in 2014 to RMB735.9 million in 2015 and further to RMB2,315.8 million in 2016, and increased by 74.8% to RMB2,969.2 million in the ten months ended 31 October 2017 compared to RMB1,698.9 million in the same period in 2016. The following table sets forth a breakdown of our cost of sales by product category and further by their nature of the costs for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total
	(in thousands of RMB)									
Gold products	58,181	26.5%	408,989	55.6%	1,906,765	82.3%	1,364,463	80.3%	2,504,464	84.3%
Cost of raw materials	8,992	4.1%	22,621	3.1%	1,148,240	49.6%	1,147,591	67.5%	1,505,972	50.7%
Cost of casting work	53	0.0%	682	0.1%	1,345	0.1%	1,016	0.1%	3,976	0.1%
Cost of finished goods	48,711	22.2%	385,687	52.4%	757,180	32.7%	215,856	12.7%	994,516	33.5%
Silver products	155,693	71.0%	312,924	42.5%	393,018	17.0%	321,791	18.9%	316,454	10.7%
Cost of raw materials	108,657	49.5%	224,404	30.5%	284,663	12.3%	224,855	13.2%	281,063	9.5%
Cost of casting work	47,036	21.4%	88,520	12.0%	108,355	4.7%	96,935	5.7%	35,391	1.2%
Cost of finished goods	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Gem-set and other jewellery products	5,532	2.5%	13,954	1.9%	15,993	0.7%	12,692	0.8%	148,247	5.0%
Total	219,408	100.0%	735,866	100.0%	2,315,776	100.0%	1,698,945	100.0%	2,969,164	100%

Our cost of sales for gold products increased significantly from RMB58.2 million in 2014 to RMB409.1 million in 2015 and further to RMB1,906.8 million in 2016, and increased by 83.5% to RMB2,504.5 million in the ten months ended 31 October 2017 compared to RMB1,364.5 million in the same period in 2016. Our cost of sales for silver products (at historical cost) increased significantly from RMB155.7 million in 2014 to RMB312.9 million in 2015, then increased by 25.6% to RMB393.0 million in 2016. These increases were generally in line with the increases in our revenue from the sales of gold and silver products from 2014 to 2016 primarily due to the high market receptiveness of our gold and silver products sold at competitive prices. Our cost of sales for silver products slightly decreased by 1.6% from RMB321.8 million in the ten months ended 31 October 2016 to RMB316.5 million in the same period in 2017. The slight decrease in the cost of sales for silver products in the ten months ended 31 October 2017 was primarily due to the decrease in the total volume of silver we used for our silver products during such period mainly resulting from the sales of silver products with less weight of silver by piece in general as customer preferences evolve from time to time.

Our cost of sales for gem-set and other jewellery products increased significantly from RMB5.5 million in 2014 to RMB14.0 million in 2015, then increased by 14.3% to RMB16.0 million in 2016, and further significantly increased to RMB148.2 million in the first ten months in 2017 compared to RMB12.7 million in the same period in 2016. The significant increase in the cost of sales for gem-set and other jewellery products in 2015 was generally in line with our increased sales of gem-set and other jewellery products, primarily benefiting from our full operation of our Internet website from October 2014. The significant increase in the cost of sales for gem-set and other jewellery products in the ten months ended 31 October 2017 compared to the same period in 2016 was primarily due to the substantial increase in the sales of our diamond jewellery products.

Our cost of sales was also affected by the average price of gold and silver in China. For example, according to the Frost & Sullivan Report, the average price of gold and silver per gram in 2015 decreased by 6.6% and 13.3%, respectively, then increased by 13.8% and 15.4%, respectively, in 2016, and further increased by 3.1% and 4.5% respectively in the ten months ended 31 October 2017 compared to the same period in 2016. See the sections headed "Industry Overview — Overview of the Integrated Online and Offline Jewellery Retail Market in the PRC — Trend of Gold Prices in the PRC" and "Industry Overview — Overview of the Integrated Online and Offline Jewellery Retail Market in the PRC — Trend of Silver Prices in the PRC" in this prospectus for more details.

Our cost of sales as a percentage of our total revenue continued to increase from 2014 to 2016 primarily because of the increases in the cost of gold products as a percentage of total revenue in the same periods which was mainly due to the significant increases in the sales of our gold products. Our cost of sales as a percentage of our total revenue remained relatively stable in the ten months ended 31 October 2017 compared to the same period in 2016.

Our Listing Segment

Our Listing Segment cost of sales (based on prevailing market rates) increased significantly from RMB252.2 million in 2014 to RMB749.3 million in 2015 and further to RMB2,318.7 million in 2016, and increased by 74.5% to RMB2,969.2 million in the ten months ended 31 October 2017 compared to RMB1,701.9 million in the same period in 2016. The following table sets forth a breakdown of our Listing Segment cost of sales by product category and further by the nature of the costs for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total
	(in thousands of RMB)									
Gold products	58,181	23.1%	408,989	54.6%	1,906,765	82.2%	1,364,463	80.2%	2,504,464	84.3%
Cost of raw materials	8,993	3.6%	22,621	3.0%	1,148,240	49.5%	1,147,591	67.4%	1,505,972	50.7%
Cost of casting work	53	0.0%	682	0.1%	1,345	0.1%	1,016	0.1%	3,976	0.1%
Cost of finished goods	48,709	19.3%	385,687	51.5%	757,180	32.7%	215,856	12.7%	994,516	33.5%
Silver products	188,450	74.7%	326,381	43.6%	395,956	17.1%	324,728	19.1%	316,454	10.7%
Cost of raw materials	141,414	56.1%	237,861	31.7%	287,601	12.4%	227,793	13.4%	281,063	9.5%
Cost of casting work	47,036	18.7%	88,520	11.8%	108,355	4.7%	96,935	5.7%	35,391	1.2%
Cost of finished goods	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Gem-set and other jewellery products	5,532	2.2%	13,954	1.9%	15,993	0.7%	12,692	0.7%	148,247	5.0%
Total	252,164	100.0%	749,323	100.0%	2,318,714	100.0%	1,701,883	100.0%	2,969,164	100%

Our Listing Segment cost of sales for gold products and for gem-set and other jewellery products were the same as the cost of sale for gold products for our Group during the Track Record Period as both were based on market rates. Our Listing Segment cost of sales for silver products (based on prevailing market rates) increased by 73.2% from RMB188.5 million in 2014 to RMB326.3 million in 2015, then increased by 21.3% to RMB396.0 million in 2016. These increases were primarily due to the same reasons for the increases in our cost of sales (at historical cost). Our Listing Segment cost of sales for silver products slightly decreased by 2.5% from RMB324.7 million in the ten months ended 31 October 2016 to RMB316.5 million in the same period in 2017. Such decrease was primarily due to the decrease in the total volume of silver we used for our silver products during such period mainly resulting from the sales of silver products with less weight of silver by piece in general as customer preferences evolve from time to time.

Our Listing Segment cost of sales as a percentage of total revenue continued to increase in 2015 and 2016, primarily due to the significant increases in the sales of our gold products. Our Listing Segment cost of sales as a percentage of our total revenue remained relatively stable in the ten months ended 31 October 2017 compared to the same period in 2016.

Gross Profit and Gross Profit Margin

Our Group

By Product

The following table sets out a breakdown of our gross profit (loss) and gross profit margin (based on the Group's cost of sales at historical cost) of our jewellery products by product category for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)
	(in thousands of RMB, except percentages)									
Gold products	(1,433)	N/A	12,643	3.0%	29,730	1.5%	28,101	2.0%	46,141	1.8%
Gold bars	(864)	N/A	8,506	2.5%	21,476	1.2%	20,895	1.6%	14,018	0.7%
Other gold jewellery products[(1)]	(569)	N/A	4,137	5.4%	8,254	6.2%	7,206	14.8%	32,123	7.3%
Silver products	72,788	31.9%	79,935	20.3%	110,285	21.9%	85,327	21.0%	106,890	25.2%
Silver bars	17,831	14.8%	26,395	12.6%	32,656	13.6%	22,803	11.8%	34,461	16.9%
Other silver jewellery products[(2)]	54,957	51.0%	53,540	29.2%	77,629	29.5%	62,524	29.1%	72,429	33.3%
Gem-set and other jewellery products	455	7.6%	6,901	33.1%	9,500	37.3%	7,316	36.6%	32,226	17.9%
Total	71,810	24.7%	99,479	11.9%	149,515	6.1%	120,744	6.6%	185,257	5.9%

Notes:

(1) Other gold jewellery products mainly include products not in the form of bars, such as gold statues, gold rings, earrings, necklaces, pendants, bracelets, charms, brooches and other gold collectibles.

(2) Other silver jewellery products mainly include products not in the form of bars, such as silver statues, other silverware, silver rings, earrings, necklaces, pendants, bracelets, charms, brooches and other silver collectibles.

Our silver products had a higher gross profit margin than our gold products during the Track Record Period mainly because (i) assuming the same level of casting work for the same jewellery products, silver products generally have a higher gross profit margin than gold products; and (ii) we had higher proportion of silver products with more complicated casting work than gold products. The selling price of gold and silver products mainly reflects their cost of raw materials, cost of casting work and anticipated gross profit. Assuming the same amount of casting work per gram based on the same level of casting work for both gold and silver products, if we are to charge the same absolute amount of gross profit per gram for both gold and silver products, the gross profit as a percentage of selling price for silver products will inevitably be larger than that of gold products. For example, in 2016, the Group's average selling price (per gram) of gold products and silver products was RMB270.1 and RMB5.8, respectively. Assuming that the casting work and our anticipated profit are both RMB1.0 per gram for both gold and silver products, our gross profit margin for gold products in 2016 would be 0.4%, which is lower than our gross profit margin for silver products of 17.2%.

Our gross profit/(loss) margin of gold products was nil, 3.0%, 1.5%, 2.0% and 1.8%, respectively, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017. The increase in our gross profit margin of gold products in 2015 was mainly because in 2015 we gradually increased the mark-up percentages of our gold product prices to achieve higher profit margins after the first year of our operation in 2014, during which we adopted competitive pricing policies for gold products to expand our initial customer base and resulted in a gross loss of approximately RMB1.4 million. The decrease in our gross profit margin of gold products in 2016 was mainly due to our sales and marketing strategy in 2016 to conduct flash sales of gold bars at competitive prices, which increased the proportion of gold products sold that did not involve complicated casting work and hence usually demanded a lower gross profit margin, as part of our strategy to capture their unmet demand and attract and direct customer traffic to our online sales channels. The slight decrease in our gross profit margin of gold products from 2.0% in the ten months ended 31 October 2016 to 1.8% in the same period in 2017 was mainly due to the increased sales of our gold bars with lower gross profit margin as a percentage to the total sales of our gold products and the decrease in the gross profit margins of our other gold jewellery products which were largely affected by their relative proportions of the product sub-categories in the relevant period.

By Distribution Channel

Our gross profit represents our revenue less our cost of sales (at historical cost), and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. Our gross profit increased by 38.6% from RMB71.8 million in 2014 to RMB99.5 million in 2015, then increased by 50.3% from RMB99.5 million in 2015 to RMB149.5 million in 2016 and further increased by 53.5% to RMB185.3 million in the ten months ended 31 October in 2017 compared to RMB120.7 million in the same period in 2016. These increases were primarily attributed to the rapid expansion of our business as a result of the increased sales of our jewellery products through our integrated online sales channels and offline sales and service network. Our gross profit margin was 24.7%, 11.9%, 6.1%, 6.6% and 5.9% in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively. The following table sets forth a breakdown of our gross profits and gross profit margins of our online sales channels, offline sales and service network and CSmall Gift Initiatives for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)
	(in thousands of RMB, except percentages)									
Online Sales Channels										
Self-operated online platform	**174**	**24.5%**	**9,573**	**4.8%**	**47,909**	**2.6%**	**36,555**	**2.8%**	**67,194**	**3.0%**
Gold products	0	0	3,451	2.2%	15,171	0.9%	13,956	1.1%	19,587	1.0%
Silver products	96	15.7%	4,448	16.4%	26,525	35.8%	18,017	31.7%	41,641	34.1%
Gem-set and other jewellery products	78	80.4%	1,674	12.0%	6,213	39.6%	4,582	38.7%	5,966	19.3%

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)
	(in thousands of RMB, except percentages)									
Third-party online sales channels [(1)]	**4,534**	**9.6%**	**13,455**	**9.1%**	**18,402**	**14.9%**	**15,187**	**14.6%**	**20,893**	**12.0%**
Gold products	(326)	N/A	1,966	3.3%	2,685	5.4%	2,794	6.2%	1,003	1.7%
Silver products	4,823	16.1%	11,313	13.0%	15,724	21.4%	12,436	21.1%	19,781	17.3%
Gem-set and other jewellery products	37	33.6%	176	31.9%	(7)	N/A	(43)	N/A	108	18.0%
Subtotal	**4,708**	**9.8%**	**23,028**	**6.7%**	**66,311**	**3.4%**	**51,742**	**3.7%**	**88,087**	**3.7%**
Offline Sales and Service Network										
CSmall Shops	**24,242**	**29.2%**	**44,393**	**12.0%**	**56,886**	**14.8%**	**51,478**	**16.6%**	**69,941**	**13.5%**
Gold products	(316)	N/A	7,145	3.5%	11,506	7.8%	11,085	10.9%	18,972	7.1%
Silver products	24,256	34.6%	32,342	20.3%	42,758	18.6%	38,411	18.9%	31,816	23.5%
Gem-set and other jewellery products	302	46.9%	4,906	81.1%	2,622	37.0%	1,982	31.2%	19,154	16.3%
Shenzhen Exhibition Hall	**42,860**	**26.7%**	**30,365**	**26.0%**	**24,222**	**19.7%**	**15,899**	**18.3%**	**23,277**	**10.2%**
Gold products	(790)	N/A	81	10.8%	155	14.1%	126	15.0%	6,459	4.1%
Silver products	43,614	34.2%	30,155	26.1%	23,507	19.6%	15,023	17.8%	12,885	25.9%
Gem-set and other jewellery products	36	0.7%	129	48.1%	560	33.3%	750	54.6%	3,933	18.3%
Third-party offline points of sale [(2)]	**—**	**—**	**1,693**	**46.1%**	**1,964**	**29.1%**	**1,625**	**33.5%**	**980**	**16.7%**
Gold products	—	—	—	—	207	12.7%	140	21.3%	120	3.3%
Silver products	—	—	1,676	45.9%	1,703	34.1%	1,439	35.1%	715	37.6%
Gem-set and other jewellery products	—	—	16	100.0%	54	45.9%	46	48.7%	145	49.9%
Subtotal	**67,102**	**27.6%**	**76,451**	**15.6%**	**83,072**	**16.2%**	**69,001**	**17.1%**	**94,198**	**12.5%**
CSmall Gift Initiatives [(3)]	—	—	—	—	132	25.0%	—	—	2,972	31.7%
Gold products	—	—	—	—	5	16.1%	—	—	—	—
Silver products	—	—	—	—	70	28.1%	—	—	53	31.4%
Gem-set and other jewellery products	—	—	—	—	57	23.1%	—	—	2,919	31.7%
Total	71,810	24.7%	99,479	11.9%	149,515	6.1%	120,744	6.6%	185,257	5.9%

Notes:

(1) Third-party online sales channels primarily include (i) television and video shopping channels and (ii) third-party online marketplaces. In addition, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, we provided our jewellery products to one, two, two, two and two commercial bank(s), respectively, for their online merchandise redemption platforms and their customers can redeem our products as gifts under their relevant customer reward programmes. The revenue from the sales to such banks accounted for less than 0.5% of our total revenue in each of 2014, 2015 and 2016 and the ten months ended 31 October 2017, and is classified as part of our revenue from third-party online sales channels.

(2) Third-party offline points of sale are primarily commercial banks.

(3) We launched our CSmall Gift Initiatives in September 2016.

The difference in the gross profit margins generated from the different distribution channels was primarily as a result of the different product mix sold through the various channels. On the one hand, the gross profit margin of our online sales channels was primarily affected by the increased sales of our gold bars as a percentage of our total sales during the Track Record Period. Specifically, we began employing sales and marketing strategies specifically focusing on selling gold bars at competitive prices on our self-operated online platform in 2015. Our sales of such gold bars that had a relatively thin gross profit margins as a percentage of our total revenue continued to increase from 9.2% in 2014, to 41.3%, 73.3% and 66.9% of our total revenue in 2015 and 2016 and ten months ended 31 October 2017, respectively. As a result, the gross profit margin of our online sales channels, whose revenue was primarily constituted by our self-operated online platform in 2015 and 2016 and the ten months ended 31 October 2017, is lower than that of our offline sales and service network in the same periods.

On the other hand, the revenue from our offline sales and service network was primarily contributed by a wide range of jewellery products during the Track Record Period. As a result, the difference in the gross profit margin of various channels in our offline sales and service network was primarily affected by (i) the relative proportions of (a) different product categories of gold, silver and gem-set and other jewellery products and (b) their respective sub-categories of our gold and silver products (namely gold bars, other gold jewellery products, silver bars and other silver jewellery products) and (ii) such product category's and sub-category's gross profit margins.

Our gross profit margin decreased from 6.6% in the ten months ended 31 October in 2016 to 5.9% in the same period in 2017 due to decrease in the gross profit margin of our offline sales and service network in such period in 2017. The gross profit margin of our offline sales and service network decreased from 17.1% in the ten months ended 31 October 2016 to 12.5% in the same period in 2017, primarily due to the decrease in the gross profit margins of our CSmall Shops and our Shenzhen Exhibition Hall for the relevant period. The gross profit margin of our CSmall Shops decreased from 16.6% in the ten months ended 31 October 2016 to 13.5% in the same period in 2017, primarily as a result of the increased sales of diamond jewellery products, because we offered greater discounts of such products to our franchisees due to their substantially larger purchase amounts in the ten months ended 31 October 2017 compared to the same period in 2016. The gross profit margin of our Shenzhen Exhibition Hall decreased from 18.3% in the ten months ended 31 October 2016 to 10.2% in the same period in 2017, primarily as a result of the increased sales of our gold products with relatively lower gross profit margins in the ten months ended 31 October 2017 mainly due to their continued strong customer demand, partially offset by the increased sales of gem-set and other jewellery products, primarily diamond jewellery products, which had higher gross profit margins in the ten months ended 31 October 2017, as compared to those we sold with greater promotional discounts in the same period of 2016 as a result of marketing efforts to promote our such jewellery products through this channel. The gross profit margin of our online sales channel remained stable in the ten months ended 31 October 2017 compared to the same period in 2016.

The decreases in our gross profit margin from 2014 to 2016 were primarily due to the decrease in the gross profit margin of our online sales channels. Our gross profit margin of online sales channels was 9.8%, 6.7%, 3.4%, respectively, in 2014, 2015 and 2016. The decreases were primarily as a result of the decreased gross profit margin of our self-operated online platform mainly due to our business strategy to focus on the sales of gold products with a relatively lower gross profit margin in order to capture their unmet demand and attract and direct customer traffic to our online sales channels.

Our gross profit margin of offline sales and service network decreased from 27.6% in 2014 to 15.6% in 2015, primarily due to the decrease in the gross profit margins of CSmall Shops. Such decreases were mainly because we sold more gold products with relatively lower gross profit margin as a percentage of the total sales in our CSmall Shops channel in 2015 primarily due to their strong customer demand. Our gross profit margin of offline sales and service network increased from 15.6% in 2015 to 16.1% in 2016, primarily due to the increase in the gross profit margin of our CSmall Shops mainly as a result of our continued efforts to optimise our product pricing to achieve higher profitability, which was partially offset by the decreases in the profit margin of our Shenzhen Exhibition Hall and our third-party offline points of sale. The decrease in the gross profit margin of our Shenzhen Exhibition Hall in 2016 was primarily due to the increased sales of gold products with relatively lower gross profit margin as a percentage of its total sales mainly due to their strong customer demand. The decrease in the gross profit margin of our third-party offline points of sale in 2016 was also primarily due to the sales of an increased proportion of gold products, which did not involve complicated casting work and hence usually demanded a lower gross profit margin. The increased sales of gold products in 2016 were mainly as a result of their strong customer demand.

Our gross profit margin of silver products was 31.9%, 20.4%, 21.9%, 21.0% and 25.2%, respectively, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017. As we offer a wide range of silver products with different levels of casting work, the evolving customer preferences and demand for different types of our silver products will substantially affect the gross profit margins of our silver products from time to time. The decrease in our gross profit margin of our silver products in 2015 was primarily due to (i) the increased sales of silver bars and other silver jewellery products with less casting work and hence lower gross profit margins as a percentage to our total sales of silver products during such period and (ii) our competitive pricing policies for our other silver jewellery products to expand our customer base during such period. The increase in our gross profit margin of silver products in 2016 and the ten months ended 31 October 2017 compared to 2015 and the ten months ended 31 October 2016 was mainly due to decreased sales of silver bars with less casting work, the increased sales of other silver jewellery products with more complicated casting work and the general change in our pricing policy for silver products to increase their margins and profitability. In the ten months ended 31 October 2017, we also generally increased the margins of our silver products to enhance our overall profitability.

The gross profit margin of our gem-set and other jewellery products is substantially affected by the composition of the raw materials and their designs and manufacturing costs. The gross profit margin of our gem-set and other jewellery products was higher in 2015 and 2016 compared to 2014 primarily because the increased sales proportion of our diamond jewellery products which generally enjoyed higher gross profit margins than other gem-set jewellery products we sold in 2015 and 2016; while the gross profit margin was lower in the ten months ended 31 October 2017 compared to the same period in 2016 primarily due to the significant increase in sales of diamond jewellery products to our franchisees with greater discounts in light of their large purchasing amounts during 2017. The gross profit margins of diamond jewellery products also vary mainly depending on the color, carat, clarity and cut of the diamonds used in the jewellery products and the level of craftsmanship involved.

By Customer

Our integrated online and offline jewellery retail structure was built and developed to establish our CSmall brand and promote our branded products to end user customers. We sell our jewellery products to a broad range of customers through a combination of B2C, B2B2C and B2B sales models. See the section headed “Business — Our Business Model — Our Extensive Customer Reach”. We did not analyze our revenue or results of operation by retail and wholesale customers as we have been focused on our New Jewellery Retail Model that ultimately target and serve retail customers since the inception of our business and it is not commercially practicable for us to enquire the intent of our numerous customers and ascertain an accurate breakdown of the revenue attributable to wholesale or retail customers from an accounting perspective. In certain of our distribution channels, we sell products to our franchisees, television and video shopping channels, commercial banks and certain customers of our Shenzhen Exhibition Hall on a wholesale basis, but in those instance, such distribution channels still form part of our integrated online and offline retail sales network under our B2B2C sales models.

From the perspective of customer management, we categorise our customers on our self-operated online platform based on their spending amounts in the relevant periods. For customers having large spending amounts we would normally adjust our selling prices of jewellery products by giving various discounts (generally ranging between 1.5% and 6.0%).

The following tables set forth our revenue, gross profit and gross profit margin by different aggregate spending amounts of registered users of our self operated online platform, for the periods indicated:

	For the year ended 31 December 2014					
Aggregate spending amount of a registered user	**Number of registered users**	**Revenue**	**% of total revenue**	**Gross profit**	**% of total gross profit**	**Gross profit margin**
	(in RMB, except number of registered users and percentages)					
0-2,000	249	126,662	0.0%	77,343	0.1%	61.1%
2,001-10,000	64	251,836	0.1%	38,270	0.1%	15.2%
10,001-50,000	2	61,201	0.0%	13,898	0.0%	22.7%
50,001-500,000	3	270,901	0.1%	44,114	0.1%	16.3%
≥500,001	—	—	—	—	—	—
Total	318	710,599	0.2%	173,626	0.2%	24.4%

	For the year ended 31 December 2015					
Aggregate spending amount of a registered user	**Number of registered users**	**Revenue**	**% of total revenue**	**Gross profit**	**% of total gross profit**	**Gross profit margin**
	(in RMB, except number of registered users and percentages)					
0-2,000	19,412	13,521,619	1.6%	682,047	0.7%	5.0%
2,001-10,000	11,860	63,757,915	7.6%	3,071,980	3.1%	4.8%
10,001-50,000	6,092	108,977,802	13.1%	4,812,336	4.8%	4.4%
50,001-500,000	184	12,267,606	1.5%	1,006,642	1.0%	8.2%
≥500,001	—	—	—	—	—	—
Total	37,548	198,524,942	23.8%	9,573,004	9.6%	4.8%

	For the year ended 31 December 2016					
Aggregate spending amount of a registered user	**Number of registered users**	**Revenue**	**% of total revenue**	**Gross profit**	**% of total gross profit**	**Gross profit margin**
	(in RMB, except number of registered users and percentages)					
0-2,000	101,630	53,278,321	2.2%	18,223,589	12.2%	34.2%
2,001-10,000	24,438	91,439,357	3.7%	15,196,175	10.2%	16.6%
10,001-50,000	6,627	118,393,715	4.8%	7,817,355	5.2%	6.6%
50,001-500,000	195	15,991,877	0.6%	2,014,545	1.4%	12.6%
500,001-5,000,000	125	400,805,961	16.3%	1,892,411	1.3%	0.5%
5,000,001-20,000,000	35	354,557,425	14.4%	856,381	0.6%	0.2%
20,000,001-100,000,000	23	792,241,015	32.1%	1,909,493	1.3%	0.2%
≥100,000,001	—	—	—	—	—	—
Total	133,073	1,826,707,672	74.1%	47,909,950	32.0%	2.6%

Aggregate spending amount of a registered user	For the ten months ended 31 October 2017 Number of registered users	Revenue	% of total revenue	Gross profit	% of total gross profit	Gross profit margin
	(in RMB, except number of registered users and percentages)					
0-2,000	124,967	72,876,641	2.3%	21,684,058	11.7%	29.8%
2,001-10,000	27,929	106,378,540	3.4%	18,779,316	10.1%	17.7%
10,001-50,000	7,819	134,190,284	4.3%	12,009,986	6.5%	8.9%
50,001-500,000	459	31,174,754	1.0%	2,176,299	1.2%	7.0%
500,001-5,000,000	39	22,258,052	0.7%	660,451	0.4%	3.0%
5,000,001-20,000,000	5	58,876,108	1.9%	959,266	0.5%	1.6%
20,000,001-100,000,000	6	302,192,594	9.6%	6,886,582	3.7%	2.3%
≥100,000,001	1	1,488,385,785	47.2%	4,037,493	2.2%	0.3%
Total	161,225	2,216,332,758	70.3%	67,193,451	36.3%	3.0%

The following table sets out a breakdown of revenue and gross profit margins by our sales model under our third-party online sales channels for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Revenue	Gross profit margin (%)	Revenue	Gross profit margin (%)	Revenue	Gross profit margin (%)	Revenue	Gross profit margin (%)	Revenue	Gross profit margin (%)
	(in thousands of RMB, except percentages)									
Television and video shopping channels [(1)]	35,929	8.3%	131,291	7.5%	111,115	15.0%	92,845	14.7%	169,102	11.7%
Third-party online marketplaces [(2)]	6,763	15.9%	15,995	22.4%	12,705	13.8%	8,886	14.8%	3,241	18.6%

Notes:

(1) The television and video shopping channels are our direct customers to whom we sell on a wholesale basis. It is part of our B2B2C sales model and we consider it as an extension and a part of our retail sales channel.

(2) It sells to both B2C and B2B customers.

We began employing sales and marketing strategies specifically focusing on selling gold products on our self-operated online platform in 2015 with the objective of increasing customers traffic of our self-operated online platform. In particular, we employed strategies such as promotional sales of gold bars at competitive prices. As a result, in 2015, our sales of gold products on our online sales channels amounted to RMB216.9 million. To the best of the Directors' knowledge, in 2015 substantially all of our online customers are individuals, whom we identify by their names or mobile phone numbers registered on our self-operated online platform or third party online platforms. For the purpose of customer management, we categorise these customers as our B2C customers.

We continued our strategy of promotional sales of gold bars at competitive prices in 2016 and we attracted more customers to our self-operated online platform seeking bargains for our gold products. As a result, in 2016, our sales of gold products on our online sales channels amounted to RMB1,786.7 million. In addition to individual customers, we also attracted corporate customers, whom for the purpose of customer management, we identify by their corporate names registered with our online platforms, and whom we categorise as our B2B customers. In 2016, we had 183 customers on our self-operated online platform whose annual spending amount exceeds RMB500,000 and whose total contribution to our revenue amounted to RMB1,547.6 million, representing 62.8% of our total revenue. These customers include individuals and corporate customers which primarily include consumer goods retailers, metal product sales and trading companies and jewellery companies.

Successful sales and marketing efforts in 2016, in particular, the promotional sales of gold bars, have (a) demonstrated that the Group's procurement, inventory and logistic systems are able to manage such high sales volume of gold products to meet the high demand for gold in China; and (b) helped the Group build its reputation for the quality of its products, which the Company believe has helped attracted quality customers in 2017.

In the ten months ended 31 October 2017, we refined our sales and marketing strategy for our gold products on our self-operated online platform. We conducted relatively limited promotional sales of gold bars in the ten months ended 31 October 2017 on our self-operated online platform but we attracted corporate customers, including a PRC state-owned enterprise which is our largest customer in this period, certain jewellery companies and individuals who made purchases in large quantity of gold bars, where the revenue from such customers accounted for 47.2% of our total revenue in the same period.

Although we generally do not enquire or ascertain how our customers intend to use or actually used the products purchased from us, based on our industry knowledge and observations gathered through communication with certain of our large spending customers in the course of providing sales and customer services, we believe that the reasons for their purchases of gold bars from us generally include, among other things, on the one hand, the competitive prices we offer and our product quality assurance, and on the other hand, their strong demand for (i) investment purposes, (ii) inventory purpose and onward sales to other individual or corporate customers, and (iii) giving away as gifts to their customers under their customer reward programmes or to their employees in recognition of their long-term services or exceptional performance, as the case may be. We did not independently verify the above reasons as our customers are not obliged to provide or confirm such information to us. As our self-operated online platform offers easy access for customers to purchase gold bars at competitive prices with authenticity assurance and secure delivery services without imposing any deposit or minimum purchase amount requirements, we expect that there remains stable market demand for our gold bars in relatively large quantities by individual and corporate customers in China going forward. Although the gold bars sold at competitive prices generally demand relatively low gross profit margins, we believe that such selling strategies will continue to create value for us in various aspects including increasing customer traffic and sales volumes and enhancing our brand recognition in the near future. We will continue to review and refine our sales and marketing strategies from time to time and implement competitive selling strategies in conjunction with other strategies, such as diversifying our product mix by promoting jewellery products with higher profit margins and promoting the CSmall Gift initiatives, thereby limiting the impact of gold bars on our overall gross profit margins.

The following table sets out a breakdown of revenue and gross profit margins by our customer under our offline sales and service network for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Revenue	Gross profit margin (%)	Revenue	Gross profit margin (%)	Revenue	Gross profit margin (%)	Revenue	Gross profit margin (%)	Revenue	Gross profit margin (%)
	(in thousands of RMB, except percentages)									
Offline Sales and Service Network										
CSmall Shops(1)										
Franchised CSmall Shops	81,482	29.4%	292,456	14.4%	239,304	18.3%	210,561	18.5%	415,413	15.8%
Self-operated and jointly operated CSmall Shops	1,468	21.3%	76,624	3.0%	144,563	9.0%	100,217	12.4%	104,409	4.1%
Customers at Shenzhen Exhibition Hall(2)	160,330	26.7%	116,775	26.0%	122,887	19.7%	86,738	18.3%	228,271	10.2%
Third-party offline points of sale										
Commercial banks(3)	—	—	3,671	46.1%	6,740	29.1%	4,850	33.5%	5,860	16.7%
CSmall Gift Initiatives(4)										
CSmall Gift Partners	—	—	—	—	527	25.0%	—	—	9,383	31.7%

Notes:

(1) Our franchisees are our direct customers and we sell products to them on a wholesale basis. It is part of our B2B2C sales model which is an extension and a part of our retail sales channel.

(2) We primarily sell products at our Shenzhen Exhibition Hall on a wholesale basis.

(3) Commercial banks are our direct customers and we sell products to them on a wholesale basis. It is part of our B2B2C sales model which is an extension and a part of our retail sales channel.

(4) Our CSmall Gift partners are our direct customers but we deliver our products to their end customers. Accordingly, it is an extension to our B2B2C sales model which is a part of our retail sales channel.

Our Listing Segment

By Product

Our Listing Segment gross profit represents our Listing Segment revenue less our Listing Segment cost of sales (based on prevailing market rates), and our Listing Segment gross profit margin represents our Listing Segment gross profit divided by our revenue, expressed as a percentage. Our Listing Segment gross profit increased significantly from RMB39.1 million in 2014 to RMB86.0 million in 2015, then increased by 70.5% from RMB86.0 million in 2015 to RMB146.6 million in 2016 and further increased by 57.3% from RMB117.8 million in the ten months ended 31 October 2016 to RMB185.3 million in the same period in 2017. Our Listing Segment gross profit margin was 13.4%, 10.3%, 5.9%, 6.5% and 5.9% in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, compared to our Group's gross profit margin (at historical cost) of 24.7%, 11.9%, 6.1%, 6.6% and 5.9%, respectively, in the relevant period. Our Listing Segment gross profit and Listing Segment gross profit margin of gold products and gem-set and other jewellery products were the same as our Group's gross profit and our Group's gross profit margin of such products during the Track Record Period. Our Listing Segment's gross profit of silver products was RMB40.0 million, RMB66.5 million, RMB107.3 million, RMB82.4 million and RMB106.9 million in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, compared to our Group's profit of silver products of RMB72.8 million, RMB80.0 million, RMB110.3 million, RMB85.3 million and RMB106.9 million, respectively, in the relevant period.

Our Listing Segment gross profit in 2014, 2015 and 2016 and the ten months ended 31 October 2016 was lower than that of our Group in the relevant period because our Listing Segment's cost of sales of silver is accounted for at their prevailing market rates as if they were procured on arm's length transfers during the Relevant Period, which is higher than the production cost of silver ingots, whereas the historical cost of silver on which our Group's gross profit was based only reflected the production cost of silver ingots by Longtianyong during the Relevant Period. See the section headed "— Explanatory Statement on the Presentation of our Group's Cost of Sales and Profitability" for more information. As a result of the foregoing, our Listing Segment gross profit margin of silver products was 17.5%, 16.9%, 21.3%, 20.2% and 25.2%, respectively, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, compared to our Group's gross profit of silver products of 31.9%, 20.3%, 21.9%, 21.0% and 25.2%, respectively, in the relevant period. As we offer a wide range of silver products with different levels of casting work and hence varying gross profit margins, the evolving customer preferences and customer demand for our silver products substantially affected our gross profit margins of our silver products from time to time. The decrease in our Listing Segment gross profit margin of silver products in 2015 was primarily due to the increased sales of silver bars and other silver jewellery products with less casting work and hence lower gross profit margins as a percentage to our total sales of silver products during such period and our competitive pricing policies for our silver products to expand our customer base during such period. The increase in our Listing Segment gross profit margin of silver products in 2016 and the ten months ended 31 October 2017compared to 2015 and the ten months ended 31 October 2016 was primarily due to the decreased sales of silver bars with less casting work, the increased sales of other silver jewellery products with more complicated casting work and the general change in our pricing policy for silver products to increase their margins and profitability. In the ten months ended 31 October 2017, we also gradually increased the mark-up percentages of our silver products to enhance our overall profitability. The following table sets forth a breakdown of our Listing Segment gross profit/(loss) and our Listing Segment gross profit margin by product category for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)	Gross profit/ (loss)	Gross profit margin (%)
	(in thousands of RMB, except percentages)									
Gold products	(1,433)	—	12,643	3.0%	29,730	1.5%	28,101	2.0%	46,141	1.8%
Gold bars	(864)	—	8,506	2.5%	21,476	1.2%	20,895	1.6%	14,018	0.7%
Other gold jewellery products [(1)]	(569)	—	4,137	5.4%	8,254	6.2%	7,206	14.8%	32,123	7.3%
Silver products	40,032	17.5%	66,479	16.9%	107,347	21.3%	82,389	20.2%	106,890	25.2%
Silver bars	(14,926)	—	12,938	6.2%	29,718	12.4%	19,865	10.3%	34,461	16.9%
Other silver jewellery products [(2)]	54,958	51.0%	53,541	29.3%	77,629	29.5%	62,524	29.1%	72,429	33.3%
Gem-set and other jewellery products	455	7.6%	6,900	33.1%	9,500	37.3%	7,316	36.6%	32,226	17.9%
Total	39,054	13.4%	86,022	10.3%	146,577	5.9%	117,806	6.5%	185,257	5.9%

Notes:

(1) Other gold jewellery products mainly include products not in the form of bars, such as gold statues, gold rings, earrings, necklaces, pendants, bracelets, charms and brooches and other gold collectibles.

(2) Other silver jewellery products mainly include products not in the form of bars, such as silver statues, other silverware, silver rings, earrings, necklaces, pendants, bracelets, charms and brooches and other silver collectibles.

By Distribution Channel

The following table sets out a breakdown of our Listing Segment gross profit and Listing Segment gross profit margin of silver products (based on cost of sales at prevailing market rates) from our online sales channels and offline sales, service network and CSmall Gift Initiatives for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(in thousands of RMB, except percentages)									
Online Sales Channels										
Self-operated online platform	96	15.7%	4,448	16.4%	26,526	35.8%	18,017	31.7%	41,641	34.1%
Third-party online sales channels [(1)]	4,824	16.1%	11,313	13.0%	15,722	21.4%	12,436	21.1%	19,781	17.3%
Subtotal	4,920	16.1%	15,761	13.8%	42,248	28.6%	30,453	26.3%	61,422	26.0%
Offline Sales and Service Network										
CSmall Shops	17,326	24.7%	28,298	17.8%	42,025	18.2%	37,679	18.6%	31,816	23.5%
Shenzhen Exhibition Hall	17,787	13.9%	20,744	17.9%	21,301	17.7%	12,817	15.2%	12,885	25.9%
Third-party offline points of sale [(2)]	—	—	1,677	45.9%	1,703	34.1%	1,439	35.1%	715	37.6%
Subtotal	35,113	17.7%	50,718	18.2%	65,030	18.3%	51,936	17.8%	45,415	24.3%
CSmall Gift Initiatives [(3)]	—	—	—	—	70	28.0%	—	—	53	31.4%
Total	40,032	17.5%	66,479	16.9%	107,348	21.3%	82,389	20.2%	106,890	25.2%

Notes:

(1) Third-party online sales channels primarily include (i) television and video shopping channels and (ii) third-party online marketplaces. In addition, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, we provided our jewellery products to one, two, two, two and two commercial bank(s), respectively, for their online merchandise redemption platforms and their customers can redeem our products as gifts under their relevant customer reward programmes. The revenue from the sales to such banks accounted for less than 0.5% of our total revenue in each of 2014, 2015 and 2016 and the ten months ended 31 October 2017, and is classified as part of our revenue from third-party online sales channels.

(2) Third-party offline points of sale are primarily commercial banks.

(3) We launched our CSmall Gift Initiatives in September 2016.

Other Income, Gains and Losses

Our other income, gains and losses consist of service income in respect of software system and development, government grant, bank interest income, gain on disposal of an associate, gain on termination of a structured entity, net exchange gain and others. Service income in respect of software system and development refers to the one-off software system and development services provided by Shenzhen Yunpeng, our wholly owned subsidiary, to a third-party online business operator in 2016. Our government grant refers to the grant to our wholly owned subsidiary, Jiangxi Jiyin, by the local government as an incentive for foreign capital injection by the Group in 2016 and 2017. There is no specified condition attached to the grant. Our gain on disposal of an associate was the gain arising from the disposal of our 20% equity interest in our associate, Yongfeng County Tongsheng Microcredit Company Limited (永豐縣通盛小額貸款股份有限公司) ("**Yongfeng Tongsheng**"). We sold our 20% equity interest in Yongfeng Tongsheng to an Independent Third Party in August 2017, for a consideration of RMB600,000, which is the same amount that we paid when we acquired such 20% equity interest in March 2017. We initially invested in Yongfeng Tongsheng as we were hoping that Yongfeng Tongsheng could develop an online micro-credit platform that could generate potential synergies for our Group (for example, by providing consumer financing products to the Group's online customers). However, after completion of the investment, we conducted further analysis on the timing and requirements for Yongfeng Tongsheng to develop such business and came to the view that it would not be practicable for Yongfeng Tongsheng to develop such business in the near future. Having considered the time and effort that may be required to develop Yongfeng Tongsheng's online micro-credit capabilities, we are of the view that such time, efforts and resources would be better spent on other opportunities and therefore decided to dispose of our equity interest in Yongfeng Tongsheng. We recorded a gain of approximately RMB3.7 million when Shenzhen Yinruiji ceased to be accounted as our subsidiary through termination of the Contractual Arrangements on 22 August 2017. Our other income, gains and losses were RMB0.3 million, RMB1.5 million, RMB6.1 million, RMB5.8 million and RMB1.5 million, respectively, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017. The following table sets forth a breakdown of our other income, gains and losses for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Amounts	% of total revenue	Amounts	% of total revenue	Amounts	% of total revenue	Amounts	% of total revenue	Amounts	% of total revenue
	(in thousands of RMB, except percentages)						(unaudited)			
Service income in respect of software system and development	—	—	—	—	3,594	0.1%	3,594	0.2%	—	—
Government grant	—	—	—	—	2,001	0.1%	1,551	0.1%	432	0.0%
Bank interest income	4	0.0%	2	0.0%	240	0.0%	113	0.0%	865	0.0%
Gain on disposal of an associate	—	—	—	—	—	—	—	—	18	0.0%
Gain on termination of a structured entity	—	—	—	—	—	—	—	—	3,656	0.1%
Net exchange gain (loss)	296	0.1%	1,516	0.2%	22	0.0%	196	0.0%	(3,454)	NA
Others	—	—	—	—	290	0.0%	326	0.0%	—	—
Total	300	0.1%	1,518	0.2%	6,147	0.2%	5,780	0.3%	1,517	0.0%

Selling and Distribution Expenses

In 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, our selling and distribution expenses were RMB10.8 million, RMB28.0 million, RMB43.4 million, RMB33.0 million and RMB35.7 million, respectively, representing 3.7%, 3.4%, 1.8%, 1.8% and 1.1% of our revenue for the same periods. Our selling and distribution expenses include marketing expenses, staff costs, logistics expenses, packaging expenses, office expenses, amortisation, product inspection fees, rental and utility expenses, fees paid to domain service providers and others. The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total
	(in thousands of RMB, except percentages)									
							(unaudited)			
Marketing expenses	3,091	28.5%	9,793	35.0%	20,418	47.0%	16,705	50.6%	15,878	44.5%
Staff costs	3,594	33.2%	8,163	29.2%	10,192	23.5%	8,248	25.0%	9,860	27.6%
Logistics expenses	1,798	16.6%	4,517	16.1%	4,874	11.2%	2,737	8.3%	3,128	8.8%
Packaging expenses	751	6.9%	2,747	9.8%	2,596	6.0%	2,079	6.3%	2,491	7.0%
Office expenses	438	4.0%	981	3.5%	1,299	3.0%	1,143	3.5%	875	2.5%
Amortisation	—	—	538	1.9%	1,089	2.5%	1,055	3.2%	1,766	4.9%
Product inspection fees	349	3.2%	382	1.4%	1,098	2.5%	500	1.5%	765	2.1%
Rental and utility expenses	210	1.9%	32	0.1%	795	1.8%	343	1.0%	746	2.1%
Fees paid to domain service providers	376	3.5%	508	1.8%	549	1.3%	0	0.0%	0	0.0%
Others[(1)]	220	2.2%	337	1.2%	488	1.2%	175	0.5%	176	0.5%
Total	10,827	100.0%	27,998	100.0%	43,398	100.0%	32,984	100%	35,685	100%

Notes:

(1) Primarily include insurance, business tax, legal and professional fees and other expenses.

Our marketing expenses increased significantly from RMB3.1 million in 2014 to RMB9.8 million in 2015, and further significantly to RMB20.4 million in 2016, primarily as a result of our increased efforts in marketing of our brands and products, including by way of advertisements and sponsoring events. Our marketing expenses decreased by 4.8% from RMB16.7 million in the ten months ended 31 October 2016 to RMB15.9 million in the same period in 2017 primarily because we had less promotional activities during such period. See the section headed "Business — Marketing and Promotion" in this prospectus for more information.

Administrative Expenses

In 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, our administrative expenses were RMB13.5 million, RMB31.5 million, RMB44.1 million, RMB32.3 million and RMB39.5 million, respectively, representing 4.6%, 3.8%, 1.8%, 1.8% and 1.3% of our revenue for the same periods. Our administrative expenses include staff costs, rental and utility expenses, office expenses, renovation expenses, depreciation and amortisation, consulting and professional fees and others. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total
	(in thousands of RMB, except percentages)									
							(unaudited)			
Staff costs	6,847	50.8%	15,707	49.8%	19,135	43.4%	17,100	52.9%	18,968	48.0%
Rental and utility expenses	3,467	25.7%	6,437	20.4%	7,785	17.6%	5,405	16.7%	5,890	14.9%
Office expenses	2,222	16.5%	4,135	13.1%	6,548	14.8%	4,093	12.7%	4,268	10.8%
Renovation expenses	1	0.0%	133	0.4%	2,663	6.0%	0	0.0%	1,292	3.3%
Depreciation	369	2.7%	1,557	4.9%	2,136	4.8%	1,712	5.3%	1,961	5.0%
Consulting and professional fees	119	0.9%	952	3.0%	1,999	4.5%	462	1.4%	3,306	8.4%
Others[(1)]	455	3.4%	2,627	8.4%	3,870	8.9%	3,563	11.1%	3,817	9.7%
Total	13,480	100.0%	31,548	100.0%	44,136	100.0%	32,335	100.0%	39,502	100.0%

Notes:

(1) Primarily include delivery expenses, stamp duty, service charge, motor vehicle expenses and other expenses.

Our staff costs increased significantly from RMB6.8 million in 2014 to RMB15.7 million in 2015, then increased by 21.7% to RMB19.1 million in 2016 and further increased by 11.1% to RMB19.0 million in the ten months ended 31 October 2017 compared to RMB17.1 million in the same period in 2016, primarily due to our increased staff size in line with our business development during the relevant periods. Our renovation expenses increased significantly from RMB1,000 in 2014 to RMB1.3 million in 2016, primarily due to our renovation of our office premises. We incurred an amount of approximately RMB3.3 million consulting and professional fees relating to the Pre-IPO Investments.

Share of Results of Associates

During the Track Record Period, we had a 30% equity interest in Shenzhen Daxidi, the business of which had been inactive during the Track Record Period mainly because its contemplated business did not have sufficient market demand and had limited business growth potential, between May 2014 and February 2016. We disposed all of our equity interest in Shenzhen Daxidi to an Independent Third Party in February 2016. During the Track Record Period, we also had a 25% equity interest in Shanghai Huatong, an integrated precious metal exchange platform in China, between July 2015 and January 2016, and a 20% equity interest in Yongfeng Tongsheng, a microcredit company, between March 2017 and August 2017. Our share of results of associates mainly reflected our share of the profit or loss of these associates. Our share of results of associates was minus RMB0.4 million, RMB0.4 million, RMB0.4 million, RMB0.4 million and minus RMB18,000, respectively, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017.

Listing Expenses

Our listing expenses mainly include the expenses we incurred in connection with the Listing and the Global Offering such as underwriting commissions, professional fees paid to our reporting accountants, legal advisers and other professional advisers for their services rendered. In 2016 and the ten months ended 31 October 2016 and 2017, we had listing expenses of RMB3.8 million, nil and RMB16.6 million, respectively.

Income Tax Expense

The following table sets forth a breakdown of our income tax expense for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
PRC Enterprise Income Tax					
current year	9,894	8,795	14,412	11,428	28,132
under provision in respect of prior year	—	102	—	—	(813)
Total	9,894	8,897	14,412	11,428	27,319

We were not subject to any income, estate, corporation, capital gains or other tax in the Cayman Islands during the Track Record Period. We did not make any provision for Hong Kong profit tax as we did not have assessable profit subject to Hong Kong profit tax during the Track Record Period.

During the Track Record Period, our subsidiaries incorporated in the PRC and FY Silver, a subsidiary of our Controlling Shareholder that conducted part of our business prior to September 2016, were subject to Enterprise Income Tax at the rate of 25% on their respective assessable profits as determined in accordance with the PRC Enterprise Income Tax Law and its related implementation regulations. Longtianyong, an indirect subsidiary of our Controlling Shareholder that conducted part of our business prior to April 2016, was recognised as a High and New Technology Enterprise by the PRC tax authorities on 25 March 2014 such that it was entitled to a concessionary tax rate of 15% for three consecutive years beginning from 2013. For the year ended 31 December 2016 and onwards, Longtianyong was subject to Enterprise Income Tax at the rate of 25%.

As a result of the foregoing preferential tax treatment, our effective tax rate was 20.9% and 21.3% in 2014 and 2015, respectively. Our effective tax rate was 22.3% in 2016, which was below the 25% statutory rate primarily because we utilised certain deductible losses and expenses of our subsidiaries which reduced our taxable income for 2016. Our effective tax rate in the ten months ended 31 October 2017 was 28.8%. Our Listing Segment effective tax rate was 34.0%, 24.4%, 22.2%, 18.2% and 28.8%, respectively, in 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017. Our Listing Segment effective tax rate was substantially higher than the 25% statutory rate in 2014 primarily because our PRC subsidiaries' income tax was made on an individual basis and the losses incurred by certain subsidiaries were not deductible from the taxable income of our other subsidiaries, and the rate in 2016 was lower than 25% primarily because we utilised certain deductible losses and expenses of our subsidiaries which reduced our taxable income for 2016. During the Track Record Period, we paid all relevant taxes and had no disputes or any unsolved tax issues with the relevant tax authorities.

SENSITIVITY ANALYSIS

Our Group

Cost of raw materials and finished goods, primarily including gold and silver, is a major component of our cost of sales (at historical cost). Our sales of gold and silver products altogether accounted for a significant portion of our jewellery product sales during the Track Record Period. The following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in our cost of gold and silver (at historical cost) on our net profit for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Change in net profit	% change in net profit	Change in net profit	% change in net profit	Change in net profit	% change in net profit	Change in net profit	% change in net profit	Change in net profit	% change in net profit
	(in thousands of RMB, except percentage)									
							(unaudited)			
Cost of gold										
+/-5%	-/+2,909	-/+7.8%	-/+20,453	-/+62.1%	-/+95,271	-/+189.5%	-/+68,172	-/+136.0%	-/+125,024	-/+184.8%
+/-10%	-/+5,818	-/+15.5%	-/+40,905	-/+124.1%	-/+190,542	-/+379.1%	-/+136,345	-/+272.0%	-/+250,049	-/+369.7%
+/-20%	-/+11,636	-/+31.0%	-/+81,810	-/+248.3%	-/+381,084	-/+758.2%	-/+272,689	-/+544.0%	-/+500,098	-/+739.3%
Cost of silver										
+/-5%	-/+5,430	-/+14.5%	-/+11,183	-/+33.9%	-/+14,233	-/+28.3%	-/+11,243	-/+22.4%	-/+14,053	-/+20.8%
+/-10%	-/+10,861	-/+29.0%	-/+22,366	-/+67.9%	-/+28,466	-/+56.6%	-/+22,486	-/+44.9%	-/+28,106	-/+41.6%
+/-20%	-/+21,721	-/+57.9%	-/+44,732	-/+135.7%	-/+56,933	-/+113.3%	-/+44,971	-/+89.7%	-/+56,213	-/+83.1%
+/-30%	-/+32,582	-/+86.9%	-/+67,098	-/+203.6%	-/+85,399	-/+169.9%	-/+67,457	-/+134.6%	-/+84,319	-/+124.7%

Fluctuations of our cost of raw materials and finished goods, including primarily gold and silver, and our ability to pass on their increases to our customers and our ability not to reflect their decreases in our selling prices will affect our gross profit margin. We have generally been able to pass on increases in cost of gold and silver to our customers. Nonetheless, in certain cases we may not be able to pass on all such increases. For example, if the jewellery products are priced not only based on their cost of gold and silver but also their cost of casting work, in order to maintain the competitiveness of our selling price we may not be able to adjust our selling price of these products to reflect the entire changes in their cost.

Generally in line with the trend of gold and silver prices in China, our average cost of gold and silver per gram decreased by 6.4% and 15.4%, respectively, in 2015, then increased by 13.7% and 18.2%, respectively, in 2016. In the ten months ended 31 October 2017, our average cost of gold further increased by 3.6% and our average cost of silver remained stable. Similarly, our average selling price of gold and silver products per gram also decreased by 1.1% and 25.8%, respectively, in 2015, then increased by 12.0% and 18.4%, respectively, in 2016, and further increased by 3.9% and 5.2%, respectively, in the ten months ended 31 October 2017. In addition, the increase in our average cost of silver per gram in 2016 was also partly due to our cost of silver ingots which was accounted for at prevailing market rates from April 2016 instead of their historical cost which only reflects the production cost by Longtianyong during the Relevant Period. See the section headed "— Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" for more details. We generally were able to pass on most of the increased cost of gold and all of increased cost of silver to our customers in 2016. See the section headed "Business — Pricing — Product Pricing" for further details.

We believe that we could still maintain sustainable and reasonable net profit margin by adhering to our established pricing policy of generally passing on increases in our cost of gold and silver to our customers.

Our Listing Segment

Cost of raw materials and finished goods, primarily including gold and silver, is a major component of our Listing Segment cost of sales (based on prevailing market rates). Sales of gold and silver products of our Listing Segment altogether accounted for a significant portion the jewellery product sales of our Listing Segment during the Track Record Period. The following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in cost of gold and silver (based on prevailing market rates) on our Listing Segment net profit for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2014		2015		2016		2016		2017	
	Change in net profit	% change in net profit	Change in net profit	% change in net profit	Change in net profit	% change in net profit	Change in net profit	% change in net profit	Change in net profit	% change in net profit
	(in thousands of RMB, except percentage)						(unaudited)			
Cost of gold										
+/-5%	-/+2,909	-/+30.1%	-/+20,453	-/+95.3%	-/+95,271	-/+198.2%	-/+68,172	-/+142.3%	-/+125,024	-/+184.8%
+/-10%	-/+5,818	-/+60.2%	-/+40,905	-/+190.7%	-/+190,542	-/+396.5%	-/+136,345	-/+284.5%	-/+250,049	-/+369.7%
+/-20%	-/+11,636	-/+120.4%	-/+81,810	-/+381.3%	-/+381,084	-/+792.9%	-/+272,689	-/+569.0%	-/+500,098	-/+739.3%
Cost of silver										
+/-5%	-/+7,068	-/+73.1%	-/+11,856	-/+55.3%	-/+14,380	-/+29.9%	-/+11,390	-/+23.8%	-/+14,053	-/+20.8%
+/-10%	-/+14,136	-/+146.2%	-/+23,712	-/+110.5%	-/+28,760	-/+59.8%	-/+22,779	-/+47.5%	-/+28,106	-/+41.6%
+/-20%	-/+28,272	-/+292.5%	-/+47,423	-/+221.0%	-/+57,520	-/+119.7%	-/+45,559	-/+95.1%	-/+56,213	-/+83.1%
+/-30%	-/+42,409	-/+438.7%	-/+71,135	-/+331.6%	-/+86,280	-/+179.5%	-/+68,338	-/+142.6%	-/+84,319	-/+124.7%

RESULTS OF OPERATIONS

Our Group

The following table sets forth a summary of our results of operations (based on our Group's cost of sales at historical cost) for the periods indicated.

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)			(unaudited)	
Revenue	291,218	835,345	2,465,291	1,819,689	3,154,421
Cost of sales	(219,408)	(735,866)	(2,315,776)	(1,698,945)	(2,969,164)
Gross profit	71,810	99,479	149,515	120,744	185,257
Other income, gains and losses	300	1,518	6,147	5,780	1,517
Selling and distribution expenses	(10,827)	(27,998)	(43,398)	(32,984)	(35,685)
Administrative expenses	(13,480)	(31,548)	(44,136)	(32,335)	(39,502)
Share of results of associates	(400)	400	350	350	(18)
Listing expenses	—	—	(3,802)	—	(16,608)
Profit before tax	47,403	41,851	64,676	61,555	94,961
Income tax expense	(9,894)	(8,897)	(14,412)	(11,428)	(27,319)
Profit for the year/period	37,509	32,954	50,264	50,127	67,642

Our Listing Segment

The following table sets forth a summary of our Listing Segment's financial information for the periods indicated, having regard to the cost of silver ingots at their then prevailing market rates during the Relevant Period:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)			(unaudited)	
Listing Segment revenue - external sales	291,218	835,345	2,465,291	1,819,689	3,154,421
Cost of sales	(252,164)	(749,323)	(2,318,714)	(1,701,883)	(2,969,164)
Gross profit	39,054	86,022	146,577	117,806	185,257
Other income, gains and losses	300	1,518	6,147	5,780	1,517
Selling and distribution expenses	(10,827)	(27,998)	(43,398)	(32,984)	(35,685)
Administrative expenses	(13,480)	(31,548)	(44,136)	(32,335)	(39,502)
Share of results of associates	(400)	400	350	350	(18)
Listing expenses	—	—	(3,802)	—	(16,608)
Listing Segment profit before tax	14,647	28,394	61,738	58,617	94,961
Income tax expense	(4,980)	(6,940)	(13,678)	(10,694)	(27,319)
Listing Segment profit for the year/period	9,667	21,454	48,060	47,923	67,642

The reconciliation of our Group's profit for the year/period to our Listing Segment's profit for the year/period is as follows.

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)			(Unaudited)	
Profit for the year/period	37,509	32,954	50,264	50,127	67,642
Adjustments to cost of silver ingots(1)	(32,756)	(13,457)	(2,938)	(2,938)	—
Adjustments to income tax expense(1)	4,914	1,957	734	734	—
Listing Segment profit for the year/period	**9,667**	**21,454**	**48,060**	**47,923**	**67,642**

Note:

(1) The adjustments represented the difference between the historical cost of production of silver ingots incurred by Longtianyong in accordance with IFRSs and the cost of such silver ingots calculated based on their then prevailing market rates, and the corresponding effect on income tax expense as a result of such reconciliation.

The ten months ended 31 October 2017 Compared with the ten months ended 31 October 2016

Revenue

Our revenue increased by 73.3% from RMB1,819.7 million in the ten months ended 31 October 2016 to RMB3,154.4 million in the same period in 2017, primarily due to (i) the increase in the revenue from our online sales channels by 68.7% from RMB1,417.3 million in the ten months ended 31 October 2016 to RMB2,391.1 million in the same period in 2017; and (ii) the significant increase in the revenue from our offline sales and service network from RMB402.4 million in the ten months ended 31 October 2016 to RMB754.0 million in the same period in 2017.

The increase in the revenue from our online sales channels in the ten months ended 31 October 2017 was primarily due to (i) the increase in the revenue from our self-operated online platform by 68.8% from RMB1,313.1 million in the ten months ended 31 October 2016 to RMB2,216.3 million in the same period in 2017 as we attracted more customers to our self-operated online platform due to the increased market recognition of our brands and products, which is demonstrated by the substantial increases in the customer traffic and the number of registered user account of our self-operated online platform during the ten months ended 31 October 2017 as further elaborated below; and (ii) the increase in the revenue from our television and video shopping channels by 82.2% from RMB92.8 million in the ten months ended 31 October 2016 to RMB169.1 million in the same period in 2017 due to our increased promotional cooperation with television and shopping channels in the ten months ended 31 October 2017. As to the customer traffic to our self-operated online platform, the PV, UV and IP were 704.37 million, 136.54 million and 76.88 million, respectively, for the ten months ended 31 October 2017, as compared to the full-year figure of 378.80 million, 125.90 million and 93.10 million, respectively in 2016. In addition, the number of our registered user accounts was approximately 7.03 million as of 31 October 2017 as compared to approximately 4.28 million as of 31 December 2016.

The increase in the revenue from our offline sales and service network in the ten months ended 31 October 2017 was primarily due to (i) the significant increase in the revenue from our sales to our franchisees from RMB210.6 million in the ten months ended 31 October 2016 to RMB415.4 million in the same period in 2017 mainly as a result of the significant increased sales of gold products and gem-set and other jewellery products primarily due to their strong customer demand, partially offset by the decrease in the sales of silver products mainly due to the reduced customer demand for certain silver collectible products as a result of changes in customer preference in the ten months ended 31 October 2017; and (ii) the significant increase in our revenue from Shenzhen Exhibition Hall from RMB86.7 million in the ten months ended 31 October 2016 to RMB228.3 million in the same period in 2017 mainly due to its increased sales of gold products and gem-set and other jewellery products in the ten months ended 31 October 2017 primarily due to the strong market demand partly benefiting from the increased market recognition of our brands and products in the same period.

Furthermore, in terms of product category, the increase in our revenue in the ten months ended 31 October 2017 was mainly attributable to (i) the growth of our sales of gold products by 83.2% from RMB1,392.6 million in the ten months ended 31 October 2016 to RMB2,550.6 million in the same period in 2017; and (ii) the significant increase in our sales of gem-set and other jewellery products from RMB20.0 million in the ten months ended 31 October 2016 to RMB180.5 million in the same period in 2017. The increases in our sales of gold products and gem-set and other jewellery products in the ten months ended 31 October 2017 were primarily due to (i) the increased sales of such products with competitive prices sold through our offline sales and service network, including our franchised CSmall Shops and our Shenzhen Exhibition Hall due to their strong market demand; and (ii) the enhanced sales performance of such products through our online sales channels benefiting from the increased market recognition of our brands and products. The increase in our revenue in the ten months ended 31 October 2017 was also partly attributable to (i) the significant increase in the average selling prices (tax inclusive) of our gem-set and other jewellery products from RMB215.3 per piece in the ten months ended 31 October 2016 to RMB760.2 per piece in the same period in 2017 mainly due to our increased sales of diamond jewellery products; and (ii) the increase in the average selling price of our gold products per gram by 6.7% in the ten months ended 31 October 2017.

Cost of sales

Our cost of sales (at historical cost) increased by 74.8% from RMB1,698.9 million in the ten months ended 31 October 2016 to RMB2,969.2 million in the same period in 2017, which was generally in line with the increase in our revenue in the ten months ended 31 October 2017. The increase in our cost of sales in the ten months ended 31 October 2017 was also partially attributable to the increase in our average cost of gold and silver per gram by 3.2% and 5.1%, respectively.

Our Listing Segment cost of sales (based on prevailing market rates) increased by 74.5% from RMB1,701.9 million in the ten months ended 31 October 2016 to RMB2,969.2 million in the same period in 2017, primarily due to the same reasons for the increase in our cost of sales (at historical cost).

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 53.5% from RMB120.7 million in the ten months ended 31 October 2016 to RMB185.3 million in the same period in 2017. Our gross profit margin decreased from 6.6% in the ten months ended 31 October 2016 to 5.9% in the same period in 2017, primarily due to the decrease in the gross profit margin of our offline sales and service network which was mainly due to the increased sales of gold products with relatively lower gross profit margins and the increased sales of our diamond jewellery products sold to our franchisees with greater discounts in light of their substantially larger purchasing amounts in such period of 2017.

Our Listing Segment gross profit increased by 57.3% from RMB117.8 million in the ten months ended 31 October 2016 to RMB185.3 million in the same period in 2017. Our Listing Segment gross profit margin decreased from 6.5% in the ten months ended 31 October 2016 to 5.9% in the same period in 2017, primarily due to the same reasons for the decrease in our gross profit margin for the relevant period.

Other income, gains and losses

Our other income, gains and losses decreased significantly from RMB5.8 million in the ten months ended 31 October 2016 to RMB1.5 million in the same period in 2017, primarily because (i) there was a one-off income of RMB3.6 million in service income in respect of software system and development in the ten months ended 31 October 2016; (ii) we incurred a net exchange loss of RMB3.5 million resulting from the capital contribution in foreign currency into Jiangxi Jinyin in the ten months ended 31 October 2017; and (iii) the decrease in the government grant by RMB1.1 million, which was partially offset by the gain of RMB3.7 million we incurred as a result of the termination of our contractual arrangements in August 2017.

Selling and distribution expenses

Our selling and distribution expenses increased by 8.2% from RMB33.0 million in the ten months ended 31 October 2016 to RMB35.7 million in the same period in 2017 primarily due to the increase in our staff costs and logistics expenses by 19.3% from RMB10.9 million to RMB13.0 million as our business continud to grow, partially offset by the decrease in our marketing expenses by 4.8% from RMB16.7 million in the ten months ended 31 October 2016 to RMB15.9 million in the same period in 2017 because we had less promotional activities during such period. As a percentage of our revenue, our selling and distribution expenses decreased from 0.8% in the ten months ended 31 October 2016 to 0.4% in the same period in 2017, which also demonstrated that we started to benefit from the economies of scale.

Administrative expenses

Our administrative expenses increased by 22.3% from RMB32.3 million in the ten months ended 31 October 2016 to RMB39.5 million in the same period in 2017 primarily due to (i) the significant increase in consulting and professional fees from RMB0.5 million to RMB3.3 million which was related to the consulting services in connection with our Pre-IPO Investments; and (ii) the increase in staff costs by 11.1% from RMB17.1 million in the ten months ended 31 October 2016 to RMB19.0 million in the same period in 2017 mainly due to the increased administrative staff size as well as the increase in our certain other expenses as our business continued to grow. As a percentage of our revenue, our administrative expenses decreased from 1.8% in the ten months ended 31 October 2016 to 1.3% in the same period in 2017, which also demonstrated that we started to benefit from the economies of scale.

Share of results of associates

We acquired a 20% equity interest in an associate, Yongfeng Tongsheng, in March 2017, which we subsequently disposed of in August 2017. As such, we recorded a share of a loss RMB18,000 related to such associate in the ten months ended 31 October 2017, compared to RMB0.4 million in the same period in 2016 during which we had two associates that were both disposed of in 2016.

Listing expenses

We recorded listing expenses of RMB16.6 million in relation to the Listing and the Global Offering in the ten months ended 31 October 2017.

Income tax expense

Our income tax expense increased significantly from RMB11.4 million in the ten months ended 31 October 2016 to RMB27.3 million in the same period in 2017, primarily because our profit before tax increased by 54.2% from RMB61.6 million in the ten months ended 31 October 2016 to RMB95.0 million in the same period in 2017. Our effective tax rate increased from 18.8% in the ten months ended 31 October 2016 to 28.8% in the same period in 2017, primarily because we ultilised certain deductible losses and expenses of our subsidiary to reduce to taxable income in the ten months ended 31 October 2016 while we did not have any deductible losses and expenses of our subsidiaries in the same period in 2017. Our effective tax rate in the ten months ended 31 October 2017 was higher than 25%, primarily because the listing expenses were generally not incurred by our PRC subsidiaries that are subject to the 25% income tax and shall not be deducted from their taxable income.

Our Listing Segment income tax expense increased significantly from RMB10.7 million in the ten months ended 31 October 2016 to RMB27.3 million in the same period in 2017, primarily because our Listing Segment profit before tax increased by 62.1% from RMB58.6 million in the ten months ended 31 October 2016 to RMB95.0 million in the same period in 2017. Our Listing Segment's effective tax rate increased from 18.2% in the ten months ended 31 October 2016 to 28.8% in the same period in 2017, primarily because of the same reason for the increase in our Group's effective tax rate.

Profit for the period

As a result of the foregoing, our profit for the period increased by 34.9% from RMB50.1 million in the ten months ended 31 October 2016 to RMB67.6 million in the same period in 2017. Our net profit margin decreased from 2.8% in the ten months ended 31 October 2016 to 2.1% in the same period in 2017, primarily due to the decrease in our gross profit margin.

Our Listing Segment profit for the period increased from RMB47.9 million in the ten months ended 31 October 2016 to RMB67.6 million in the same period in 2017. Our Listing Segment net profit margin decreased from 2.6% in the ten months ended 31 October 2016 to 2.1% in the same period in 2017, which was primarily due to the decrease in our Listing Segment's gross profit margin.

The Year Ended 31 December 2016 Compared with the Year Ended 31 December 2015

Revenue

Our revenue increased significantly from RMB835.3 million in 2015 to RMB2,465.3 million in 2016, primarily due to (i) the significant increase in the revenue from our online sales channels from RMB345.8 million in 2015 to RMB1,950.5 million in 2016 and (ii) the increase in the revenue from our offline sales and service network by 5.2% from RMB489.5 million in 2015 to RMB514.2 million in 2016.

The increase in the revenue from our online sales channels in 2016 was primarily due to the significant increases in the revenue from our self-operated online platform from RMB198.5 million in 2015 to RMB1,826.7 million in 2016. The increase in the revenue from our offline sales and service network in 2016 was primarily due to (i) the increased revenue from sales of our silver products through our offline sales and service network by 27.8% from RMB278.5 million in 2015 to RMB355.5 million in 2016, mainly as a result of the expansion of our franchised CSmall Shops and our diversified range of silver products catering to the strong customer demand and (ii) the increase in our revenue from Shenzhen Exhibition Hall by 5.2% from RMB116.8 million in 2015 to RMB122.9 million in 2016 mainly because we attracted more customers to Shenzhen Exhibition Hall while we continued to enhance our brand recognition. The increase was partially offset by the decrease in the revenue from our franchised CSmall Shops by 18.2% from RMB292.5 million in 2015 to RMB239.3 million in 2016 mainly as a result of (i) the gradual retirement of mono-brand CSmall Shops where the relevant franchisees preferred not to transform them into multi-brand CSmall Shops and the termination of certain underperforming CSmall Shops as we continued to optimise our offline sales and service network and (ii) the establishment of fewer new franchise CSmall Shops, compared to 2015.

Furthermore, the increase in our revenue in 2016 was also attributable to (i) the significant growth of our sales of gold products from RMB421.6 million in 2015 to RMB1,936.5 million in 2016 and (ii) the increase in our sales of silver products by 28.1% from RMB392.9 million in 2015 to RMB503.3 million in 2016. The increases in our sales of gold and silver products in 2016 were primarily because of (i) our sales and marketing strategies to sell gold bars at competitve prices with a view to increase customers traffic and expand our self-operated online platform which provided easy access to purchase of jewellery products online and (ii) which in turn, given increased customer traffic, increased customer demand of jewellery products. The increase in our revenue in 2016 was also partially attributable to the increase in the average selling prices of our gold and silver products per gram by 12.0% and 17.9%, respectively, which was in line with the increase in our average cost of gold and silver per gram by 13.7% and 15.6%, respectively.

Cost of sales

Our cost of sales increased significantly from RMB735.9 million in 2015 to RMB2,315.8 million in 2016, which was generally in line with the increase in our revenue in 2016. The increase in our cost of sales in 2016 was also partially attributable to the increase in our average cost of gold and silver per gram by 13.7% and 15.6%, respectively.

Our Listing Segment cost of sales increased significantly from RMB749.3 million in 2015 to RMB2,318.7 million in 2016, primarily due to the same reasons for the increase in our cost of sales during such periods.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 50.3% from RMB99.5 million in 2015 to RMB149.5 million in 2016. Our gross profit margin decreased from 11.9% in 2015 to 6.1% in 2016, primarily because of the increased revenue from our sales of gold products as a percentage of our total sales in 2016, which did not involve complicated casting work, that usually demanded a lower profit margin. We had an increased sale of such products primarily as a result of our strategy to capture their unmet demand and attract and direct customer traffic to our online sales channels.

Our Listing Segment gross profit increased by 70.5% from RMB86.0 million in 2015 to RMB146.6 million in 2016. Our Listing Segment gross profit margin decreased from 10.3% in 2015 to 5.9% in 2016, primarily due to the same reasons for the decreases in our gross profit margin during such periods.

Other income, gains and losses

Our other income, gains and losses increased significantly from RMB1.5 million in 2015 to RMB6.1 million in 2016, primarily due to our service income in respect of software system and development services provided by Yunpeng to a third-party online business operator of RMB3.6 million and the government grants of RMB2.0 million to our wholly owned subsidiary, Jiangxi Jiyin, by the local government as a one-off incentive for foreign capital injection by the Group in 2016. The increase in our income, gains and losses in 2016 was partially offset by the decrease in our net exchange gain from RMB1.5 million in 2015 to RMB22,000 in 2016 primarily because of the net exchange gain of RMB1.5 million mainly as a result of the capital contribution in foreign currency into Jiangxi Jiyin and Shenzhen Guoyintongbao in 2015, compared to none in 2016.

Selling and distribution expenses

Our selling and distribution expenses increased by 55.0% from RMB28.0 million in 2015 to RMB43.4 million in 2016. The increase was primarily due to (i) the significant increase in our marketing expenses from RMB9.8 million in 2015 to RMB20.4 million in 2016, which was generally in line with the rapid expansion of our business in 2016 and (ii) the increase in our staff costs by 27.0% from RMB8.2 million in 2015 to RMB10.2 million in 2016, primarily due to the increased compensation level and the number of selling and distribution staff in 2016. As a percentage of our revenue, our selling and distribution expenses decreased from 3.4% in 2015 to 1.8% in 2016, primarily due to our efforts to carry out targeted sales and marketing initiatives in the course of the rapid expansion of our business.

Administrative expenses

Our administrative expenses increased by 40.0% from RMB31.5 million in 2015 to RMB44.1 million 2016. The increase was primarily due to (i) the increase in our staff costs by 23.0% from RMB15.7 million in 2015 to RMB19.1 million in 2016, primarily due to the increased compensation level and the number of administrative staff in 2016, (ii) the significant increase in our renovation expenses from RMB0.1 million in 2015 to RMB2.7 million in 2016, which was due to the renovation work for our office premises in 2016 and (iii) the increase in our office expense by 58.4% from RMB4.1 million in 2015 to RMB6.5 million in 2016, which was generally in line with the rapid expansion of our business in 2016. As a percentage of our revenue, our administrative expenses decreased from 3.8% in 2015 to 1.8% in 2016, primarily due to our efforts to improve the resources allocation and carry out prudent budgeting and the faster expansion of our business.

Share of results of associates

Our share of results of associates decreased by 12.5% from RMB400,000 in 2015 to RMB350,000 in 2016, primarily due to our disposal of 25% interest in Shanghai Huatong in January 2016.

Listing expenses

We recorded listing expenses of RMB3.8 million in relation to the Listing and the Global Offering in 2016.

Income tax expense

Our income tax expense increased by 62.0% from RMB8.9 million in 2015 to RMB14.4 million in 2016, primarily because our profit before income tax increased by 54.5% from RMB41.9 million in 2015 to RMB64.7 million in 2016. Our effective tax rate increased from 21.3% in 2015 to 22.3% in 2016, primarily because Longtianyong was entitled to a concessionary tax rate of 15% in 2015.

Our Listing Segment income tax expense increased by 98.6% from RMB6.9 million in 2015 to RMB13.7 million in 2016, primarily because our Listing Segment profit before income tax increased significantly from RMB28.4 million in 2015 to RMB61.7 million in 2016. Effective tax rate expense of our Listing Segment decreased from 24.4% in 2015 to 22.2% in 2016, primarily because of the decrease in non-deductible losses and expenses as a percentage of our revenue primarily resulting from the significant increase in our revenue in 2016.

Profit for the year

As a result of the foregoing, our profit for the year increased by 52.4% from RMB33.0 million in 2015 to RMB50.3 million in 2016. Our net profit margin decreased from 3.9% in 2015 to 2.0% in 2016, which was primarily attributable to the decrease in our gross profit margin in 2016.

Our Listing Segment profit for the year increased significantly from RMB21.5 million in 2015 to RMB48.1 million in 2016. Our Listing Segment net profit margin decreased from 2.6% in 2015 to 1.9% in 2016, which was primarily attributable to the decrease in our Listing Segment gross profit margin in 2016.

The Year Ended 31 December 2015 Compared with the Year Ended 31 December 2014

Revenue

Our revenue increased significantly from RMB291.2 million in 2014 to RMB835.3 million in 2015, primarily due to (i) the significant increase in the revenue from our online sales channels from RMB47.9 million in 2014 to RMB345.8 million in 2015 and (ii) the significant increase in the revenue from our offline sales and service network from RMB243.3 million in 2014 to RMB489.5 million in 2015.

The increase in the revenue from our online sales channels in 2015 was primarily due to (i) the significant increases in the revenue from our self-operated online platform from RMB0.7 million in 2014 to RMB198.5 million in 2015 and (ii) the significant increase in the revenue from our television and video shopping channels from RMB39.2 million in 2014 to RMB131.3 million in 2015. The increase in the revenue from our offline sales and service network in 2015 was primarily due to the growth of the number of our franchised CSmall Shops. Such increase was partially offset by the decrease in our revenue from revenue from Shenzhen Exhibition Hall by 27.1% from RMB160.3 million in 2014 to RMB116.8 million in 2015, primarily because we, to some extent, relied on sales from Shenzhen Exhibition Hall before our Internet website, being the primary presence of our self-operated online platform, went into full operation in October 2014 and when we had relatively few CSmall Shops in 2014. With our Internet website having become in full operation and more CSmall Shops having been established in 2015, we focused more on sales through our self-operated online platform instead of Shenzhen Exhibition Hall. Furthermore, the increase in our revenue in 2015 was also attributable to (i) the significant growth of our sales of gold products from RMB56.7 million in 2014 to RMB421.6 million in 2015 and (ii) the 71.9% increase in our sales of silver products from RMB228.5 million in 2014 to RMB392.9 million in 2015. The increases in our sales of gold and silver products in 2015 were primarily because of (i) the expansion of our self-operated online platform which provided easy access to purchases of jewellery products online and (ii) the increased customer demand of jewellery products. The increase in our revenue in 2015 was partially offset by the decrease in the average selling prices of our gold and silver products per gram, by 1.1% and 26.0%, respectively, which was primarily due to the decrease in our average cost of gold and silver per gram by 6.4% and 13.5%, respectively.

Cost of sales

Our cost of sales increased significantly from RMB219.4 million in 2014 to RMB735.9 million in 2015, which was generally in line with the increase in our revenue in 2015. The increase in our cost of sales in 2015 was partially offset by the decrease in our average cost of gold and silver per gram by 6.4% and 13.5%, respectively.

Our Listing Segment cost of sales increased significantly from RMB252.2 million in 2014 to RMB749.3 million in 2015, primarily due to the same reasons for the increase in our cost of sales for the same period.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 38.6% from RMB71.8 million in 2014 to RMB99.5 million in 2015. Our gross profit margin decreased from 24.7% in 2014 to 11.9% in 2015, primarily because of the increased revenue from our sales of gold products as a percentage of our total sales in 2015, which did not involve complicated casting work, that usually demanded a lower profit margin. We had an increased sale of such products primarily as a result of our strategy to capture their unmet demand and attract and direct customer traffic to our online sales channels.

Our Listing Segment gross profit increased significantly from RMB39.1 million in 2014 to RMB86.0 million in 2015. Our Listing Segment gross profit margin decreased from 13.4% in 2014 to 10.3% in 2015, primarily due to the same reasons for the decrease in our gross profit margin for the same period.

Other income, gains and losses

Our other income increased significantly from RMB0.3 million in 2014 to RMB1.5 million in 2015, primarily because our net exchange gain increased significantly from RMB0.3 million in 2014 to RMB1.5 million in 2015, mainly as a result of the capital contribution in foreign currency into Jiangxi Jiyin and Shenzhen Guoyintongbao in 2015.

Selling and distribution expenses

Our selling and distribution expenses increased significantly from RMB10.8 million in 2014 to RMB28.0 million in 2015. The increase was primarily due to (i) the significant increase in our marketing expenses from RMB3.1 million in 2014 to RMB9.8 million in 2015, which was generally in line with the rapid expansion of our business in 2015, (ii) the significant increase in our staff costs from RMB3.6 million in 2014 to RMB8.2 million in 2015, primarily due to the increased number of selling and distribution staff in 2015, (iii) the significant increase in our logistics expenses from RMB1.8 million in 2014 to RMB4.5 million in 2015, which was generally in line with the rapid expansion of our business in 2015 and (iv) the significant increase in our packaging expenses from RMB0.8 million in 2014 to RMB2.7 million in 2015, which was generally in line with the rapid expansion of our business in 2015. As a percentage of revenue, our selling and distribution expenses decreased from 3.7% in 2014 to 3.4% in 2015, primarily due to our efforts to carry out targeted sales and marketing initiatives in the course of the rapid expansion of our business.

Administrative expenses

Our administrative expenses increased significantly from RMB13.5 million in 2014 to RMB31.5 million in 2015. The increase was primarily due to (i) the significant increase in our staff costs from RMB6.8 million in 2014 to RMB15.7 million in 2015, which was primarily due to the increased number of administrative staff in 2015, (ii) the increase in our rental and utility expenses by 82.9% from RMB3.5 million in 2014 to RMB6.4 million in 2015, which was generally in line with the rapid expansion of our business in 2015 and (iii) the increase in our office expenses by 86.1% from RMB2.2 million in 2014 to RMB4.1 million in 2015, which was generally in line with the rapid expansion of our business in 2015. As a percentage of our revenue, our administrative expenses decreased from 4.6% in 2014 to 3.8% in 2015, primarily due to our efforts to improve the resources allocation and carry out prudent budgeting and the faster expansion of our business.

Share of results of associates

Our share of results of associates increased from a loss of RMB0.4 million in 2014 to a gain of RMB0.4 million in 2015, primarily due to our share of results of Shanghai Huatong we invested in July 2015.

Income tax expense

Our income tax expense decreased from RMB9.9 million in 2014 to RMB8.9 million in 2015, primarily due to the decrease in our profit before income tax by 11.6% from RMB47.4 million in 2014 to RMB41.9 million in 2015. Our effective tax rate remained relatively stable at 20.9% and 21.3% in 2014 and 2015, respectively.

Our Listing Segment income tax expense increased by 38.0% from RMB5.0 million in 2014 to RMB6.9 million in 2015, primarily because our Listing Segment profit before income tax increased by 94.5% from RMB14.6 million in 2014 to RMB28.4 million in 2015. Effective tax rate expense of our Listing Segment decreased from 34.0% in 2014 to 24.4% in 2015, primarily because of the decrease in non-deductible losses and expenses as a percentage of our revenue primarily resulting from the significant increase in our revenue in 2015.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 12.0% from RMB37.5 million in 2014 to RMB33.0 million in 2015. Our net profit margin decreased from 12.9% in 2014 to 3.9% in 2015, which was generally in line with the decrease in our gross profit margin in 2015. Our Listing Segment profit for the year significantly increased from RMB9.7 million in 2014 to RMB21.5 million in 2015. Our Listing Segment net profit margin decreased from 3.3% in 2014 to 2.6% in 2015, which was primarily attributable to the decrease in our Listing Segment gross profit margin in 2015.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash during the Track Record Period were to pay for purchases from suppliers and OEM contractors, rent, employee compensation and other expenses related to our operating activities. We financed our liquidity requirements mainly through cash flows generated from our operating activities and capital contribution by our Shareholders. After the Listing, we intend to fund our capital requirements using primarily cash flows generated from our operating activities and the net proceeds from the Global Offering.

The following table sets forth selected cash flow data from our consolidated cash flow statements for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Net cash (used in) from operating activities	(42,350)	(37,526)	(258,677)	(138,875)	310,822
Net cash (used in) from investing activities	(3,724)	(366,098)	355,480	361,535	(10,527)
Net cash (used in) from financing activities	120,404	448,382	19,227	(65,322)	69,069
Net increase (decrease) in cash and cash equivalents	74,330	44,758	116,030	156,338	369,364
Cash and cash equivalents at the beginning of year/period	3	2,163	5,118	5,118	124,901
Cash and cash equivalents at the end of the year/period	2,163	5,118	124,901	164,626	494,249

Net cash (used in) from operating activities

We derive our cash inflow from operating activities primarily through sales of jewellery products. Cash outflow from operating activities primarily comprises of purchases from suppliers and OEM contractors, rent, employee compensation and other expenses related to our operating activities. Our net cash flow generated from operating activities primarily reflects (i) our profit before tax, as adjusted for depreciation of property, plant and equipment, amortisation of intangible assets, bank interest income and share of results of associates, (ii) the effects of movements in working capital items and (iii) income tax paid.

In the ten months ended 31 October 2017, we had net cash generated from operating activities of RMB310.8 million, primarily attributable to profit before tax of RMB95.0 million, adjusted to reflect mainly the decrease in inventories of RMB134.9 million, the increase in trade and other payables of RMB55.3 million, the decrease in the amount due from a fellow subsidiary of RMB34.3 million, and the decrease in the trade and other receivables of RMB18.4 million. The decrease in our inventories in the ten months ended 31 October 2017 was mainly because in the ten months ended 31 October 2017 we sold substantially all of the inventories for certain gold products that we purchased towards the end of 2016 and we continued to improve our inventory management. The decrease in the amount due from a fellow subsidiary was resulted from repayment in the ten months ended 31 October 2017. The decrease in our trade and other receivables was primarily due to (i) the decrease in our trade receivables mainly due to our our increased communication with customers to ensure on-time payment and the tightening up of our credit policies by requiring customers to settle payments upon product delivery or within shorter credit terms, and (ii) the decrease in our deposits and prepayments, which were used to settle certain of our payables to suppliers. Further, as our scale and bargaining powers grow, certain of our suppliers no longer require us to make prepayments or deposits. As of the Latest Practicable Date, RMB33.7 million, or 96.1% of our trade receivables as of 31 October 2017 had been settled.

In 2016, we had net cash used in operating activities of RMB258.7 million, primarily attributable to profit before tax of RMB64.7 million, adjusted to reflect mainly the increase in inventories of RMB281.3 million and the decrease in trade and other payables of RMB29.7 million. These adjustments were partially offset by the decrease in trade and other receivables of RMB29.8 million. The increase in our inventories in 2016 was mainly because of the rapid expansion of our business and our purchase of certain gold products towards the end of 2016 in anticipation of our sales initiatives for those products in early 2017.

In 2015, we had net cash used in operating activities of RMB37.5 million, primarily attributable to profit before tax of RMB41.9 million, adjusted to reflect mainly the increase in trade and other receivables of RMB105.0 million and the increase in inventories of RMB29.0 million, primarily as a result of our business expansion in 2015. These adjustments were partially offset by the increase in trade and other payables of RMB61.9 million.

In 2014, which was also the first full year of our business operations commencing from October 2013, we had net cash used in operating activities of RMB42.4 million, primarily attributable to profit before income tax of RMB47.4 million, adjusted to reflect mainly the increase in trade and other receivables of RMB50.6 million and the increase in inventories of RMB33.8 million.

We recorded net cash used in operating activities in 2014, 2015 and 2016 and the ten months ended 31 October 2016 which was primarily due to our business growth, in particular, the increases in our purchases from suppliers and OEM contractors in order to meet increased customer demand.

For details of the fluctuations of certain balance sheet items affecting the cash flow in relation to operating activities mentioned above, see the section headed " — Certain Balance Sheet Items".

Net cash (used in) from investing activities

Our cash used in investing activities reflects our cash used in purchases of property, plant and equipment, investments in associates, purchases of intangible assets such as software and advance to associates, fellow subsidiaries and immediate holding company. Cash inflow from investing activities mainly comprises of repayments from immediate holding company and fellow subsidiaries, proceeds from disposal of associates and interest received. All of the advances to/repayments from the immediate holding company/fellow subsidiaries/associates were part of the intra-group financing arrangements.

In the ten months ended 31 October 2017, our net cash flows used in investing activities were RMB10.5 million, primarily attributable to (i) our purchase of intangible assets of RMB11.8 million, including the purchases of certain software by Jiangxi CSmall Payment and by Shenzhen Guoyintongbao for improving the infrastructure and user surface of our self-operate online platform, (ii) our purchase of property, plant and equipment of RMB4.2 million and (iii) our investment in an associate of RMB0.6 million, partially offset by (i) the repayment from a related company of RMB4.4 million, (ii) the proceeds we received as a result of the termination of our contractural arrangements and the disposal of an associate in the total amount of RMB1.5 million, and (iii) the interest payments of RMB0.9 million we received for our bank deposits during such period.

In 2016, our net cash flows generated from investing activities were RMB355.5 million, primarily attributable to the repayment from fellow subsidiaries of RMB434.0 million, the proceeds from disposals of associates of RMB40.2 million primarily relating to our disposal of Shenzhen Daxidi Technology Co., Ltd. (深圳市大溪地科技有限公司, "**Shenzhen Daxidi**") and Shanghai Huatong and the repayment from an associate, Shanghai Huatong, of RMB39.6 million, which was partially offset by the advance to fellow subsidiaries of RMB154.8 million.

In 2015, our net cash flows used in investing activities were RMB366.1 million, primarily attributable to the advance to fellow subsidiaries of RMB276.4 million, the investment in associates of RMB40.0 million reflecting our capital contribution to Shanghai Huatong in July 2015, and the net advance to an associate, Shanghai Huatong, of RMB39.6 million.

In 2014, our net cash flows used in investing activities were RMB3.7 million, primarily attributable to our purchase of property, plant and equipment of RMB2.6 million, the investment in associates of RMB0.6 million and our purchase of intangible assets of RMB0.5 million.

Net cash (used in) from financing activities

Cash inflows from financing activities mainly comprise of proceeds from issue of shares and receipt in advance for issue of shares, capital contribution to subsidiaries, advance from immediate holding company and fellow subsidiaries and capital contribution from non-controlling interests, being the other shareholder of Jiangxi CSMall Payment. Our cash used in financing activities reflects our repayment to fellow subsidiaries and immediate holding company. All of the advances to/repayments from immediate holding company/fellow subsidiaries were part of the intra-group financing arrangements.

In the ten months ended 31 October 2017, our net cash flows generated from financing activities were RMB69.1 million, primarily attributable to (i) the proceeds from issue of shares of RMB65.8 million that we received from Best Conduct through the Pre-IPO Investments, (ii) the advance from our immediate holding company of RMB13.0 million, and (iii) the advance from fellow subsidiaries of RMB6.9 million.

In 2016, our net cash flows generated from financing activities were RMB19.2 million, primarily attributable to (i) the proceeds from issue of shares of RMB162.5 million in relation to the Pre-IPO Investments and the Employee Share Scheme and (ii) the advance from immediate holding company of RMB43.9 million, which was partially offset by the repayment to fellow subsidiaries of RMB192.1 million.

In 2015, our net cash flows generated from financing activities were RMB448.4 million, primarily attributable to (i) the advance from fellow subsidiaries of RMB185.9 million and (ii) the advance from immediate holding company of RMB168.4 million.

In 2014, our net cash flows generated from financing activities were RMB120.4 million, primarily attributable to (i) the capital contribution to subsidiaries of RMB50.1 million, (ii) the advance from fellow subsidiaries of RMB37.1 million and (iii) the advance from immediate holding company of RMB34.8 million.

Capital Expenditures and Commitments

During the Track Record Period, our historical capital expenditures primarily included expenditures for leasehold improvements and purchases of motor vehicles, office equipment and intangible assets such as system software. Our capital expenditures amounted to RMB3.1 million, RMB9.9 million, RMB3.7 million, RMB3.0 million and RMB16.0 million in 2014, 2015, 2016 and the ten months ended 31 October 2016 and 2017, respectively. The following table sets forth our capital expenditure for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October	
	2014	**2015**	**2016**	**2016**	**2017**
	(in thousands of RMB)				
Intangible assets	498	2,548	2,421	1,754	11,788
Office equipment	348	—	689	605	905
Motor vehicles	2,272	1,162	632	689	308
Leasehold improvements	—	6,150	—	—	3,000
Total	3,118	9,860	3,742	3,047	16,001

We expect to incur RMB323.9 million in capital expenditures in 2017, primarily related to the upgrade of our IT infrastructure and data management system, which is estimated to account for 65.2% of our total capital expenditure in 2017, and the expansion of our CSmall Shops, warehouses and production facilities, which is expected to account for 34.8% of our total capital expenditure in 2017. The significant increase in our capital expenditure of intangible assets in the ten months ended 31 October 2017 compared to the same period in 2016 was mainly attributable to the upgrade of our IT systems and purchase of softwares by Jiangxi CSmall Payment for establishing its online payment service infrastructure and by Shenzhen Guoyintongbao for improving the infrastructure and user surface of our self-operated online platform. We intend to fund our planned capital expenditures through the combination of cash flow from operating activities and the net proceeds from the Global Offering. See the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.

Operating leases

We are lessees in respect of a number of properties held under non-cancellable operating leases for our office premises, showrooms, warehouses and retail stores. Our lease agreements primarily have a term ranging from one to three years. The following table sets forth our operating lease commitments which were due as of the dates indicated:

	As of 31 December			As of 31 October
	2014	2015	2016	2017
	(in thousands of RMB)			
Minimum lease payments under non-cancellable operating leases:				
Within one year	4,715	6,715	4,660	6,688
In the second year to fifth year inclusive	6,996	2,833	1,296	9,272
Total	11,711	9,548	5,956	15,960

The amount of our operating lease commitments as of 31 October 2017 was significantly higher than that as of 31 December 2016 primarily due to the significant increase in the floor areas under two leases in connection with our Shenzhen Exhibition Hall for office, showroom and warehouse purposes when we renewed such leases for a term of three years starting from May 2017.

NET CURRENT ASSETS

The following table sets forth our current assets and current liabilities by category as of the dates indicated:

	As of 31 December			As of 31 October	As of 31 December
	2014	2015	2016	2017	2017
	(in thousands of RMB)				
					(unaudited)
Current assets					
Inventories	33,751	62,711	343,989	209,130	342,783
Trade and other receivables	51,190	156,205	126,392	68,923	201,962
Amount due from immediate holding company	—	324	348	332	522
Amounts due from fellow subsidiaries	10	276,316	34,303	—	—
Amount due from an associate	—	39,610	—	—	—
Amount due from a related company	—	—	—	30	30
Bank balances and cash	2,163	5,118	124,901	494,249	338,006
Subtotal	87,114	540,284	629,933	772,664	883,303
Current liabilities					
Trade and other payables	7,305	73,445	50,918	91,928	158,255
Amount due to immediate holding company	34,816	203,216	364,908	372,844	380,228
Amounts due to fellow subsidiaries	35,462	192,284	477	4,018	3,273
Amount due to a related company	—	—	—	733	760
Income tax payable	102	—	3,883	5,340	16,578
Subtotal	77,685	468,945	420,186	474,863	559,094
Net current assets	9,429	71,339	209,747	297,801	324,209

As of 31 December 2017, we had net current assets of RMB324.2 million, consisting of current assets of RMB883.3 million and current liabilities of RMB559.1 million. Our net current assets slightly increased from RMB297.8 million as of 31 October 2017 to RMB324.2 million as of 31 December 2017, mainly attributable to (i) the increase in our inventories from RMB209.1 million as of 31 October 2017 to RMB342.8 million as of 31 December 2017 as our business continued to expand, and (ii) the increase in our trade and other receivables from RMB68.9 million as of 31 October 2017 to RMB202.0 million as of 31 December 2017 mainly due to the increase in trade deposits as a result of our down payments paid to our suppliers in anticipation of procuring inventory before or around Chinese New Year holidays in 2018, partially offset by (i) the decrease in our bank balances and cash from RMB494.2 million as of 31 October 2017 to RMB338.0 million as of 31 December 2017, and (ii) the increase in our trade and other payables from RMB91.9 million as of 31 October 2017 to RMB158.3 million as of 31 December 2017.

As of 31 October 2017, we had net current assets of RMB297.8 million, consisting of current assets of RMB772.7 million and current liabilities of RMB474.9 million, compared to our net current assets of RMB209.7 million as of 31 December 2016.

Our net current assets increased by 42.0% from RMB209.7 million as of 31 December 2016 to RMB297.8 million as of 31 October 2017, primarily due to the significant increase in our bank balances and cash from RMB124.9 million as of 31 December 2016 to RMB494.2 million as of 31 October 2017 mainly as a result of the rapid expansion of our business during such period and the proceeds from issue of shares of RMB65.8 million that we received from Best Conduct through the Pre-IPO Investments, partially offset by the decrease in inventories from RMB344.0 million as of 31 December 2016 to RMB209.1 million as of 31 October 2017, primarily because in the ten months ended 31 October 2017 we sold substantially all of the inventories for certain gold products that we purchased towards the end of 2016 and we strengthened our sales and marketing efforts to promote sales through our various sales channels during such period. The increase was also partially offset by (i) the decrease in trade and other receivables from RMB126.4 million to RMB68.9 million, mainly due to our increased communication with customers to ensure on-time payment and the tightening up of our credit policies by requiring customers to settle payments upon product delivery or within shorter credit terms, (ii) the significant increase in our trade and other payables from RMB50.9 million as of 31 December 2016 to RMB91.9 million as of 31 October 2017, which was in line with the substantial growth of our business in the ten months ended 31 October 2017, and (iii) the decrease in amounts due from fellow subsidiaries from RMB34.3 million to nil due to repayment in full.

Our net current assets increased significantly from RMB71.3 million as of 31 December 2015 to RMB209.7 million as of 31 December 2016, primarily due to (i) the significant increase in our inventories from RMB62.7 million as of 31 December 2015 to RMB344.0 million as of 31 December 2016 mainly as a result of the rapid expansion of our business and our purchase of certain gold products towards the end of 2016 in anticipation of our sales initiatives for those products in early 2017, (ii) the significant decrease in our amounts due to fellow subsidiaries from RMB192.3 million as of 31 December 2015 to RMB0.5 million as of 31 December 2016, and (iii) the significant increase in our bank balance and cash from RMB5.1 million as of 31 December 2015 to RMB124.9 million as of 31 December 2016 mainly as a result of the Pre-IPO Investments. See the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments — Pre-IPO Investments" in this prospectus for more details. The increase was partially offset by (i) the decrease in amount due from fellow subsidiaries by 87.6% from RMB276.3 million as of 31 December 2015 to RMB34.3 million as of 31 December 2016 and (ii) the increase in amount due to immediate holding company by 79.6% from RMB203.2 million as of 31 December 2015 to RMB364.9 million as of 31 December 2016.

Our net current assets increased significantly from RMB9.4 million as of 31 December 2014 to RMB71.3 million as of 31 December 2015, primarily due to (i) the significant increase in our amounts due from fellow subsidiaries from RMB10,000 as of 31 December 2014 to RMB276.3 million as of 31 December 2015 and (ii) the significant increase in our trade and other receivables from RMB51.2 million as of 31 December 2014 to RMB156.2 million as of 31 December 2015, which was in line with the rapid growth of our business. The increase was partially offset by (i) the significant increase in our amount due to immediate holding company from RMB34.8 million as of 31 December 2014 to RMB203.2 million as of 31 December 2015, (ii) the significant increase in our amounts due to fellow subsidiaries from RMB35.5 million as of 31 December 2014 to RMB192.3 million as of 31 December 2015 and (iii) the significant increase in our trade and other payables from RMB7.3 million as of 31 December 2014 to RMB73.4 million as of 31 December 2015.

Working Capital

During the Track Record Period, we met our working capital needs mainly with the cash generated from operating activities and capital contribution by our Shareholders. We manage our cash flow and working capital by closely monitoring and managing our operations and expansion plans. We also diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations and expansion plans.

Taking into account the financial resources available to us, including cash flow from operating activities and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus. Based on the above financial resources available to us, the Sole Sponsor has no reason to believe that we are unable to meet the working capital requirements for the next 12 months from the date of this prospectus.

CERTAIN BALANCE SHEET ITEMS

Inventories

Our inventories consisted of finished goods sourced from OEM contractors and third-party suppliers. We store our inventories primarily at our warehouse in Shenzhen, our Shenzhen Exhibition Hall and warehouses of our television and video shopping channels. We hold promotion events to sell slow-moving products at a discount. See the section headed "Business — Our Logistics and Inventory Management — Inventory Management" in this prospectus for more information about our inventory management.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of 31 December			As of 31 October
	2014	2015	2016	2017
	(in thousands of RMB)			
Finished goods				
Gold products	8,702	5,277	170,517	151,220
Gold bars	3,045	2,303	2,716	132,636
Other gold jewellery products [(1)]	5,657	2,974	167,801	18,584
Silver products	23,364	52,870	61,519	49,073
Silver bars	6,090	18,613	15,941	3,126
Other silver jewellery products [(2)]	17,274	34,257	45,578	45,947
Gem-set and other jewellery products	1,685	4,564	111,953	8,837
Total	33,751	62,711	343,989	209,130

Notes:

(1) Other gold jewellery products mainly include products not in the form of bars, such as gold statues, gold rings, earrings, necklaces, pendants, bracelets, charms and brooches and other gold collectibles.

(2) Other silver jewellery products mainly include products not in the form of bars, such as silver statues, other silverware, silver rings, earrings, necklaces, pendants, bracelets, charms and brooches and other silver collectibles.

Our inventories decreased by 39.2% from RMB344.0 million as of 31 December 2016 to RMB209.1 million as of 31 October 2017, primarily because in the ten months ended 31 October 2017 we sold substantially all of the inventories for certain gold products that we purchased towards the end of 2016 and we continued to improve our inventory management. As of the Latest Practicable Date, RMB204.8 million, or 97.0% of our inventories as of 31 October 2017 were sold.

Our inventories increased significantly from RMB62.7 million as of 31 December 2015 to RMB344.0 million as of 31 December 2016, mainly as a result of the rapid expansion of our business and our purchase of certain gold products in large quantity towards the end of 2016 in anticipation of our sales initiatives for those products in early 2017.

Our inventories increased by 85.5% from RMB33.8 million as of 31 December 2014 to RMB62.7 million as of 31 December 2015, which was in line with the rapid growth of our business.

For our gold bars and silver bars sold through our self-operated online platform, we generally source gold and silver for such products on a real-time basis when we receive purchase orders from our customers. See the section headed "Business — Suppliers and Procurement — Our Raw Material Suppliers" for more details. Our inventories of gold bars and silver bars as of 31 December 2014, 2015 and 2016 and 31 October 2017 were primarily gold bars and silver bars stored at our warehouse pending delivery to or pickup by our customers.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of 31 December			As of 31 October
	2014	2015	2016	2017
	(in thousands of RMB)			
Within 1 year	33,751	62,711	343,989	209,130

The following table sets forth our inventory turnover days (based on cost of sales at historical cost) during the period indicated:

	For the year ended 31 December			For the ten months ended 31 October
	2014	2015	2016	2017
Inventory turnover days [(1)]	28.1	23.9	32.1	28.3

Notes:

(1) Inventory turnover days were calculated based on the average of the opening and closing inventory balances divided by the cost of sales for the relevant period and multiplied by the number of days contained in that period.

Our inventory turnover days (based on our Group's cost of sales at historical cost) decreased from 32.1 days in 2016 to 28.3 days in the ten months ended 31 October 2017, primarily because in the ten months ended 31 October 2017 we sold substantially all of the inventories for certain gold products we purchased towards the end of 2016 and we continued to strenghten our efforts to improve our inventory management.

Our inventory turnover days (based on the cost of sales at historical cost) increased from 23.9 days in 2015 to 32.1 days in 2016, primarily because our inventories increased significantly from RMB62.7 million as of 31 December 2015 to RMB344.0 million as of 31 December 2016, mainly as a result of the rapid expansion of our business and our purchase of certain gold products in large quantity towards the end of 2016 in anticipation of our sales initiatives for those products in early 2017.

Our inventory turnover days (based on the cost of sales at historical cost) decreased from 28.1 days in 2014 to 23.9 days in 2015, primarily due to our efforts to improve the management of inventories.

The following table sets forth our Listing Segment inventory turnover days (based on the Listing Segment cost of sales at prevailing market rates) for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October
	2014	2015	2016	2017
Listing Segment inventory turnover days [(1)]	24.4	23.5	32.0	28.3

Notes:

(1) Listing Segment inventory turnover days were calculated based on the average of the opening and closing inventory balances divided by the Listing Segment cost of sales for the relevant period and multiplied by the number of days contained in that period.

Our Listing Segment inventory turnover days (having regard to the cost of sales of silver ingots based on prevailing market rates) in 2014, 2015 and 2016 were lower than those of our Group, primarily due to the higher cost of sales of silver ingots of our Listing Segment which was accounted for at prevailing market rates during the Relevant Period instead of its historical cost which only reflects the production cost of silver ingots by Longtianyong during such period. See the section headed "— Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" for more details.

Trade and Other Receivables

Our trade and other receivables comprise of trade receivables, deposits and prepayments, deferred and prepaid listing expenses and trade deposits. Our deposits and prepayments include primarily our value-added tax recoverable, our prepayments made to the third-party developer of our ERP system and the deposits and prepayments we made in relation to our renovation and leases. As of 31 December 2014, 2015, 2016 and 31 October 2017, we had trade and other receivables of RMB51.2 million, RMB156.2 million, RMB126.4 million and RMB68.9 million, respectively. The following table sets forth our trade and other receivables as of the dates indicated:

	As of 31 December			As of 31 October
	2014	2015	2016	2017
	(in thousands of RMB)			
Trade and other receivables				
Trade receivables	33,599	123,487	56,761	35,074
Deposits and prepayments	17,236	32,112	68,364	20,909
Deferred and prepaid listing expenses	—	—	1,267	6,583
Trade deposits	355	606	—	6,357
Total	51,190	156,205	126,392	68,923

Our trade and other receivables decreased from RMB126.4 million as of 31 December 2016 to RMB68.9 million as of 31 October 2017, primarily due to (i) the significant decrease in our trade receivables from RMB56.8 million as of 31 December 2016 to RMB35.1 million as of 31 October 2017 mainly due to our increased communication with customers to ensure on-time payment and the tightening up of our credit policies by requiring customers to settle payments upon product delivery or within shorter credit terms, and (ii) the decrease in our deposits and prepayments from RMB68.4 million as of 31 December 2016 to RMB20.9 million as of 31 October 2017, which were used to settle certain our payables to suppliers. Further, as our scale and bargaining powers grow, certain of our suppliers no longer require us to make prepayments or deposits. As of the Latest Practicable Date, RMB33.7 million, or 96.1% of the trade receivable as of 31 October 2017 had been settled.

Our trade and other receivables decreased by 19.1% from RMB156.2 million as of 31 December 2015 to RMB126.4 million as of 31 December 2016, primarily because of the significant decrease in our trade receivables from RMB123.5 million as of 31 December 2015 to RMB56.8 million as of 31 December 2016 mainly due to the increased sales from our online sales channels as a percentage of our total sales, which generally demanded prompt payment settlement such as through wire or credit card, and our efforts to improve the management of trade receivables collection, which was partially offset by the significant increase in our deposits and prepayments from RMB32.1 million as of 31 December 2015 to RMB69.6 million as of 31 December 2016 mainly due to the increase in our VAT recoverable mainly due to our increased purchase of raw materials and finished goods and our prepayments made to the third-party developer of our ERP system in 2016.

Our trade and other receivables increased significantly RMB51.2 million as of 31 December 2014 to RMB156.2 million as of 31 December 2015, primarily because of (i) the significant increase in our trade receivables from RMB33.6 million as of 31 December 2014 to RMB123.5 million as of 31 December 2015 mainly due to (a) the rapid expansion of our business and (b) our sales of jewellery products of RMB87.5 million to one of our franchisees from November 2015 to the end of the same year, certain receivables of which we had not settled as of 31 December 2015 after considering the franchisee's good track record and credit condition and (ii) the increase in our deposits and prepayments by 86.3% from RMB17.2 million as of 31 December 2014 to RMB32.1 million as of 31 December 2015 primarily due to the increase in our VAT recoverable mainly as a result of our increased purchase of raw materials and finished goods, our prepayments made to the third-party developer of our ERP system and the deposits and prepayments we made in relation to our renovation and leases in 2015.

We do not grant any credit period to our retail or B2C customers, but generally grant our corporate customers a credit period ranging from 0 to 60 days. We require advance deposits from our customers before delivery of goods. The following table sets forth an aging analysis of our trade receivables based on the invoice date as of the dates indicated:

	As of 31 December			As of 31 October
	2014	**2015**	**2016**	**2017**
	(in thousands of RMB)			
0 - 30 days	33,599	121,313	53,013	33,619
31 - 60 days	—	1,526	3,237	850
61 - 90 days	—	453	511	141
Over 90 days	—	195	—	464
Total	33,599	123,487	56,761	35,074

During the Track Record Period, most of our trade receivables were aged within 30 days.

As of 31 December 2014, 2015 and 2016 and 31 October 2017, we had trade receivables of nil, RMB40,000, RMB3.7 million and RMB1.5 million, respectively, that were past due. The significant decrease in the amount of our trade receivables that were past due from RMB3.7 million as of 31 December 2016 to RMB1.5 million as at 31 October 2017 was mainly due to our increased communication with customers to ensure on-time payment and the tightening up of our credit policies by requiring customers to settle payments upon product delivery or within shorter credit terms. As of the Latest Practicable Date, we had settled RMB0.7 million, or 46.7%, of the trade receivables that were past due as of 31 October 2017. Set below is an aging analysis of our trade receivables which were past due but not impaired as of the dates indicated:

	As of 31 December			As of 31 October
	2014	**2015**	**2016**	**2017**
	(in thousands of RMB)			
0 - 30 days	—	40	3,237	850
31 - 60 days	—	—	511	141
61 - 90 days	—	—	—	186
91 - 120 days	—	—	—	278
Total	—	40	3,748	1,455

The remaining trade receivables were neither past due nor impaired at the end of the relevant reporting period. These receivables relate to customers that have a good repayment record with us. The majority of trade receivables that are neither past due nor impaired have no default payment history.

We did not hold any collateral over the above balances, but our management considered that no impairment loss was necessary in view of the financial background of these customers and their subsequent repayments.

The following table sets forth our trade receivables turnover days during the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October
	2014	**2015**	**2016**	**2017**
Trade receivables turnover days[1]	21.1	34.3	13.3	4.4

Note:

(1) Trade receivables turnover days were calculated based on the average of the opening and closing trade receivables divided by revenue for the relevant period and multiplied by the number of days contained in that period.

Our trade receivables turnover days increased from 21.1 days in 2014 to 34.3 days in 2015, decreased from 34.3 days in 2015 to 13.3 days in 2016, and decreased from 13.3 days in 2016 to 4.4 days in the ten months ended 31 October 2017. The increase in our trade receivables turnover days in 2015 was primarily because the significant increase in our trade receivables from RMB33.6 million as of 31 December 2014 to RMB123.5 million as of 31 December 2015 mainly due to (i) the rapid expansion of our business and (ii) our sales of jewellery products of RMB87.5 million to one of our franchisees from November 2015 to the end of the same year, certain receivables of which we had not settled as of 31 December 2015 after considering the franchisee's good track record and credit condition. The decrease in our trade receivables turnover days in 2016 was primarily because of the significant decrease in our trade receivables from RMB123.5 million as of 31 December 2015 to RMB56.8 million as of 31 December 2016 mainly due to the increased sales from our online sales channels as a percentage of our total sales, which generally demanded prompt payment settlement such as through wire or credit card, and our efforts to improve the management of trade receivables collection. The decrease in our trade receivables turnover days in the ten months ended 31 October 2017 was primarily due to the significant decrease in our trade receivables from RMB56.8 million as of 31 December 2016 to RMB35.1 million as of 31 October 2017 mainly due to our increased communication with customers to ensure on-time payment and the tightening up of our credit policies by requiring customers to settle payments upon product delivery or within shorter credit terms.

Amount Due from/to Immediate Holding Company

During the Track Record Period, our amount due from/to immediate holding company was part of the intra-group financing arrangement between China Silver Group and us and was non-trade in nature, unsecured, interest-free and payable on demand.

We had amount due from immediate holding company of nil, RMB0.3 million, RMB0.3 million and RMB0.3 million as of 31 December 2014, 2015 and 2016 and 31 October 2017, respectively. We had amount due to immediate holding company of RMB34.8 million, RMB203.2 million, RMB364.9 million and RMB372.8 million as of 31 December 2014, 2015 and 2016 and 31 October 2017, respectively.

We plan to settle the net amount due to our immediate holding company before the Listing in the following manner: (1) an amount equal to 27,070,010 Shares multiplied by the final Offer Price per Share (being not more than the RMB equivalent of HK$88,789,633) will be settled by way of the Loan Capitalisation Issue; and (2) the remaining net amount to our immediate holding company will be settled by way of a capital contribution by our immediate holding company which will be reflected in our reserves.

Amounts Due from/to Fellow Subsidiaries

During the Track Record Period, our amounts due from/to fellow subsidiaries were part of the intra-group financing arrangement between our fellow subsidiaries and us and were non-trade in nature, unsecure and interest-free.

We had amounts due from fellow subsidiaries of RMB10,000, RMB276.3 million, RMB34.3 million and nil as of 31 December 2014, 2015 and 2016 and 31 October 2017, respectively. We had amounts due to fellow subsidiaries of RMB35.5 million, RMB192.3 million, RMB0.5 million and RMB40 million as of 31 December 2014, 2015 and 2016 and 31 October 2017, respectively. We plan to settle the outstanding amounts before the Listing.

Amount Due from an Associate

We recorded amount due from an associate of RMB39.6 million as of 31 December 2015, mainly as a result of the advance of RMB40.0 million we provided to Shanghai Huatong to support its working capital, which had been settled in 2016.

Amount Due from/to a Related Company

As of 31 October 2017, we recorded an amount due from a related company of RMB30,000 and amount due to a related company of RMB733,000, which represents our amount due from/to Jiangxi CSMall Payment and was non-trade in nature, unsecured, interest-free and repayable on demand. By virtue of the Contractual Arrangements, Jiangxi CSMall Payment was accounted for as our subsidiary between 20 May 2014 and 22 August 2017 and ceased to be accounted for as our subsidiary from 22 August 2017 following the termination of the Contractual Arrangements.

Bank Balances and Cash

Our bank balances and cash increased significantly from RMB124.9 million as of 31 December 2016 to RMB494.2 million as of 31 October 2017, primarily as a result of the rapid expansion of our business and the proceeds from issue of shares of RMB73.0 million that we received from Best Conduct through the Pre-IPO Investments.

Our bank balances and cash increased significantly from RMB5.1 million as of 31 December 2015 to RMB124.9 million as of 31 December 2016, primarily as a result of the proceeds from the Pre-IPO Investments. For further details, please refer to the section headed "History, Reorganisation and Group Structure — The Reorganisation, Employee Share Scheme and Pre-IPO Investments — Pre-IPO Investments" in this prospectus.

Our bank balances and cash increased significantly from RMB2.2 million as of 31 December 2014 to RMB5.1 million as of 31 December 2015, primarily as a result of the rapid expansion of our business.

Trade and Other Payables

Our trade and other payables comprise of trade payables, accrued listing expenses, other payables and accrued expenses, receipt in advance for issue of shares, customer receipts in advance and value-added tax and other taxes payable. Our other payables and accrued expenses reflected primarily the amounts payable in relation to the IT system development of Jiangxi CSMall Payment and the advertising expenses incurred by Shenzhen Yunpeng, one of our subsidiaries. As of 31 December 2014, 2015 and 2016 and 31 October 2017, we had trade and other payables of RMB7.3 million, RMB73.4 million, RMB50.9 million and RMB91.9 million, respectively. Our trade payables primarily relate to purchase of raw materials and finished goods. Trade payables are non-interest bearing and are normally granted on a credit period ranging from 20 days to 90 days. We have financial risk management policies in place to ensure all payables are settled within the credit timeframe. The following table sets forth our trade and other payables as of the dates indicated:

	As of 31 December			As of 31 October
	2014	**2015**	**2016**	**2017**
	(in thousands of RMB)			
Trade and other payables				
Trade payables	1,488	58,989	6,617	64,080
Accrued listing expenses	—	—	4,556	15,167
Other payables and accrued expenses	5,536	12,830	14,529	8,224
Receipt in advance for issue of shares	—	—	7,164	—
Customer receipts in advance	63	1,387	7,075	4,079
Value-added tax and other taxes payables	218	239	10,977	378
Total	7,305	73,445	50,918	91,928

Our trade and other payables increased by 80.5% from RMB50.9 million as of 31 December 2016 to RMB91.9 million as of 31 October 2017, primarily due to (i) the significant increase in our trade payables from RMB6.6 million as of 31 December 2016 to RMB64.1 million as of 31 October 2017 mainly due to (a) the rapid growth of our business during such period and (b) our entitlement to a credit term of 30 days in general extended by a growing number of our suppliers as opposed to payment on delivery as our business relationships continued to foster; and (ii) the increase in our accrued listing expenses from RMB4.6 million as of 31 December 2016 to RMB15.2 million as of 31 October 2017, which was partially offset by (i) the decrease in our value-added tax and other taxes payables from RMB11.0 million as of 31 December 2016 to RMB0.4 million as of 31 October 2017 mainly because we recorded a significant amount of value-added tax and other taxes payables as of 31 December 2016 as we purchased a large amount of inventories towards the end of 2016; and (ii) the decrease in our other payables and accrued expenses from RMB14.5 million as of 31 December 2016 to RMB8.2 million as of 31 October 2017 primarily due to the decrease in other payable and accrued expenses attributable to Shenzhen Yunpeng and Jiangxi CSMall Payment, mainly related to the settlement of amounts payable in relation to the IT system development of Jiangxi CSMall Payment and the advertising expenses incurred by Shenzhen Yunpeng. As of the Latest Practicable Date, we had settled RMB63.6 million, or 99.3% of our trade payables as of 31 October 2017.

Our trade and other payables decreased by 30.7% from RMB73.4 million as of 31 December 2015 to RMB50.9 million as of 31 December 2016, primarily because of the significant decrease in our trade payables from RMB59.0 million as of 31 December 2015 to RMB6.6 million as of 31 December 2016 mainly due to the increased gold products we purchased as a percentage of the total jewellery products we purchased, which usually demanded cash settlement. The decrease was partially offset by the significant increase in our value-added tax and other taxes payable from RMB0.2 million as of 31 December 2015 to RMB11.0 million as of 31 December 2016 mainly due to the significant increase in our inventories from RMB62.7 million as of 31 December 2015 to RMB344.0 million as of 31 December 2016.

Our trade and other payables increased significantly RMB7.3 million as of 31 December 2014 to RMB73.4 million as of 31 December 2015, primarily because of the significant increase in our trade payables from RMB1.5 million as of 31 December 2014 to RMB59.0 million as of 31 December 2015 mainly due to the rapid expansion of our business and the significant increase in our other payables and accrued expense from RMB5.5 million as of 31 December 2014 to RMB12.8 million as of 31 December 2015 mainly due to the amounts payable in relation to the IT system development of Jiangxi CSMall Payment.

The following table sets forth an aging analysis of our trade payables as of the dates indicated, based on the due invoice date:

	As of 31 December			As of 31 October
	2014	2015	2016	2017
	(in thousands of RMB)			
0 - 30 days	1,438	44,983	6,617	63,668
61 - 90 days	—	13,536	—	361
Over 90 days	50	470	—	51
Total	1,488	58,989	6,617	64,080

During the Track Record Period, most of our trade payables were aged within 30 days.

The following table sets forth our trade payables turnover days (based on cost of sales at historical cost) for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October
	2014	2015	2016	2017
Trade payables turnover days[(1)]	1.2	15.0	5.2	3.6

Note:

(1) Trade payables turnover days were calculated based on the average of the opening and closing trade payables divided by cost of sales for the relevant period and multiplied by the number of days contained in that period.

Our trade payables turnover days (based on cost of sales at historical cost) decreased from 5.2 days in 2016 to 3.6 days in the ten months ended 31 October 2017, primarily due to the increased gold products we purchased as a percentage of the total jewellery products we purchased, which usually demanded cash settlement.

Our trade payables turnover days (based on cost of sales at historical cost) decreased from 15.0 days in 2015 to 5.2 days in 2016, primarily because of the significant decrease in our trade payables from RMB59.0 million as of 31 December 2015 to RMB6.6 million as of 31 December 2016 mainly due to the increased gold products we purchased as a percentage of the total jewellery products we purchased, which usually demanded cash settlement.

Our trade payables turnover days (based on cost of sales at historical cost) increased from 1.2 days in 2014 to 15.0 days in 2015, primarily because of the significant increase in our trade payables from RMB1.5 million as of 31 December 2014 to RMB59.0 million as of 31 December 2015 mainly due to the rapid expansion of our business in 2015.

The following table sets forth our Listing Segment trade payables turnover days (based on the Listing Segment cost of sales at prevailing market rates) for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October
	2014	**2015**	**2016**	**2017**
Listing Segment trade payables turnover days[(1)]	1.2	14.7	5.2	3.6

Note:

(1) Listing Segment trade payables turnover days were calculated based on the average of the opening and closing trade payables divided by the Listing Segment cost of sales for the relevant period and multiplied by the number of days contained in that period.

Our Listing Segment trade payables turnover days (based on the Listing Segment cost of sales at prevailing market rates) in 2014 and 2015 were lower than those of our Group, primarily due to the higher cost of sales of silver ingots of our Listing Segment which was accounted for at prevailing market rates. See the section headed "— Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" for more details.

Income tax payable

During the Track Record Period, we recorded income tax payable of RMB0.1 million, nil, RMB3.9 million and RMB5.3 million as of 31 December 2014, 2015 and 2016 and 31 October 2017, respectively. We did not record any income tax payable as of 31 December 2015 mainly because of the operating losses of Jiangxi Jiyin and Shenzhen Guoyintongbao, our subsidiaries. Our income tax payable increased significantly from nil as of 31 December 2015 to RMB3.9 million as of 31 December 2016 primarily because of the income tax payable of Jiangxi Jiyin. Our income tax payable increased significantly from RMB3.9 million as of 31 December 2016 to RMB5.3 million as of 31 October 2017 primarily because of the income tax payable by Jiangxi Jiyin and Shenzhen Guoyintongbao primarily as a result of our rapid business expansion in the ten months ended 31 October 2017.

Statement of Indebtedness

As of 31 December 2017, our Group had unsecured and unguaranteed amounts due to immediate holding company, fellow subsidiaries and a related company of RMB380,228,000, RMB3,273,000 and RMB760,000, respectively. These intra-group financing arrangements were non-trade in nature, unsecured, interest-free and repayable on demand. We plan to settle the net amount due to our immediate holding company before the Listing in the following manner: (1) an amount equal to 27,070,010 Shares multiplied by the final Offer Price per Share (being not more than the RMB equivalent of HK$88,789,633) will be settled by way of the Loan Capitalisation Issue; and (2) the remaining net amount to our immediate holding company will be settled by way of a capital contribution by our immediate holding company which will be reflected in our reserves.

Save as aforesaid and apart from intra-group liabilities, as of 31 December 2017, we did not have any outstanding bank borrowings, debt securities, charges, mortgages, or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase and finance lease commitments, any guarantees or material contingent liabilities. We do not expect to raise material external debt financing in the near future based on our current business plans.

OTHER KEY FINANCIAL RATIOS

Our Group

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of and for the year ended 31 December			As of and for the ten months ended 31 October
	2014	2015	2016	2017
Profitability ratios				
Gross profit margin(1)	24.7%	11.9%	6.1%	5.9%
Net profit margin(2)	12.9%	3.9%	2.0%	2.1%
Return on equity(3)	485.1%	45.7%	28.8%	N/A
Return on total assets(4)	75.0%	9.5%	8.1%	N/A
Liquidity ratios				
Current ratio(5)	112.1%	115.2%	149.9%	162.7%
Quick ratio(6)	68.7%	101.8%	68.1%	118.7%

Notes:

(1) Gross profit for a period divided by revenue for the same period and multiplied by 100%.

(2) Profit for a period divided by revenue for the same period and multiplied by 100%.

(3) Return on equity is calculated on a full year basis. Return on equity for the year ended 31 December 2014, 2015 and 2016 is calculated by the profit for the year divided by the average of the beginning and ending total equity for the respective year and multiplied by 100%.

(4) Return on total assets is calculated on a full year basis. Return on total assets for the years ended 31 December 2014, 2015 and 2016 is calculated by the profit for the year divided by the average of beginning and ending total assets for the respective year and multiplied by 100%.

(5) Current assets divided by current liabilities as of the end of a period and multiplied by 100%.

(6) Current assets less inventories divided by current liabilities as of the end of a period and multiplied by 100%.

Return on equity

Our return on equity decreased from 45.7% in 2015 to 28.8% in 2016, primarily because the significant increase in our average total equity from RMB72.1 million in 2015 to RMB174.2 million in 2016 outpaced the increase in our profit for the year by 52.4% from RMB33.0 million in 2015 to RMB50.3 million in 2016. The increase in our average total equity in 2016 was mainly due to (i) the issue of shares of RMB162.5 million and (ii) the total comprehensive income for the year of RMB50.3 million, which was partially offset by (i) the transfer of nominal value of share capital/paid-in capital of the subsidiaries acquired by CSMall Group BVI upon the Reorganisation of RMB120.5 million and (ii) the net return to Longtianyong and FY Silver of RMB34.6 million as a result of the funding transferred to them before the Reorganisation.

Our return on equity decreased from 485.1% in 2014 to 45.7% in 2015, primarily because of the significant increase in our average total equity from RMB7.7 million in 2014 to RMB72.1 million in 2015 and the decrease in our profit for the year by 12.0% from RMB37.5 million in 2014 to RMB33.0 million in 2015. The increase in our average total equity in 2015 was mainly due to (i) the capital contribution from China Silver Group of RMB70.3 million, (ii) the capital contribution from non-controlling interests, being the other shareholder of Jiangxi CSMall Payment, of RMB48.6 million and (iii) the total comprehensive income for the year of RMB33.0 million, which were partially offset by the net return to Longtianyong and FY Silver of RMB41.8 million as a result of the funding transferred to them before the Reorganisation.

Return on total assets

Our return on total assets decreased from 9.5% in 2015 to 8.1% in 2016, primarily because the increase in our average total assets by 79.2% from RMB345.4 million in 2015 to RMB618.8 million in 2016 outpaced the increase in our profit for the year by 52.4% from RMB33.0 million in 2015 to RMB50.3 million in 2016. The increase in our average total assets in 2016 was mainly due to (i) the significant increase in our inventories from RMB62.7 million as of 31 December 2015 to RMB344.0 million as of 31 December 2016 and (ii) the significant increase in our bank balances and cash from RMB5.1 million as of 31 December 2015 to RMB124.9 million as of 31 December 2016, which was partially offset by the significant decrease in our amounts due from fellow subsidiaries from RMB276.3 million as of 31 December 2015 to RMB34.3 million as of 31 December 2016.

Our return on total assets decreased from 75.0% in 2014 to 9.5% in 2015, primarily because of the significant increase in our average total assets from RMB43.9 million in 2014 to RMB345.4 million in 2015 and the decrease in our profit for the year by 12.0% from RMB37.5 million in 2014 to RMB33.0 million in 2015. The increase in our average total assets in 2015 was mainly due to (i) the significant increase in our amounts due from fellow subsidiaries from RMB10,000 as of 31 December 2014 to RMB276.3 million as of 31 December 2015 and (ii) the significant increases in our trade and other receivables from RMB51.2 million as of 31 December 2014 to RMB156.2 million as of 31 December 2015. The significant increase in our trade and other receivables from 31 December 2014 to 31 December 2015 was mainly due to (i) the significant increase in our trade receivables from RMB33.6 million as of 31 December 2014 to RMB123.5 million as of 31 December 2015 mainly due to (a) the rapid expansion of our business and (b) our sales of jewellery products of RMB87.5 million to one of our franchisees from November 2015 to the end of the same year, certain receivables of which we had not settled as of 31 December 2015 after considering the franchisee's good track record and credit condition and (ii) the increase in our deposits and prepayments by 86.6% from RMB17.2 million as of 31 December 2014 to RMB32.1 million as of 31 December 2015 primarily due to the increase in our value-added tax recoverable mainly as a result of our increased purchase of raw materials and finished goods, our prepayments made to the third-party developer of our ERP system and the deposits and prepayments we made in relation to our renovation and leases in 2015.

Current ratio

Our current ratio increased from 149.9% as of 31 December 2016 to 162.7% as of 31 October 2017, primarily because the increase in our current assets as of 31 October 2017 outpaced the increase in our current liabilities as of the same date compared to those as of 31 December 2016. Our current assets increased by 22.7% from RMB629.9 million as of 31 December 2016 to RMB772.7 million as of 31 October 2017, primarily due to the significant increase in our bank balances and cash from RMB124.9 million as of 31 December 2016 to RMB494.2 million as of 31 October 2017 mainly as a result of the rapid expansion of our business during such period and the proceeds from issue of shares of RMB73.0 million that we received from Best Conduct through the Pre-IPO Investments, partially offset by (i) the decrease in inventories from RMB344.0 million as of 31 December 2016 to RMB209.1 million as of 31 October 2017, primarily because in the ten months ended 31 October 2017 we sold substantially all of the inventories of certain gold products that we purchased towards the end of 2016 and we also strengthened our sales and marketing efforts to promote sales through our various sales channels during such period, (ii) the significant decrease in trade and other receivables from RMB126.4 million as of 31 December 2016 to RMB68.9 million as of 31 October 2017, which was due to our increased communication with customers to ensure on-time payment and the tightening up of our credit policies by requiring customers to settle payments upon product delivery or within shorter credit terms, and (iii) the decrease in amounts due from fellow subsidiaries from RMB34.3 million to nil due to repayment in full. Our current liabilities increased by 13.0% from RMB420.2 million to RMB474.9 million, primarily due to the significant increase in our trade and other payables from RMB50.9 million as of 31 December 2016 to RMB91.9 million as of 31 October 2017, which was in line with the substantial growth of our business in the ten months ended 31 October 2017.

Our current ratio increased from 115.2% as of 31 December 2015 to 149.9% as of 31 December 2016, primarily because the increase in our current assets by 16.5% from RMB540.3 million as of 31 December 2015 to RMB629.3 million as of 31 December 2016 and the decrease in our current liabilities by 10.4% from RMB468.9 million as of 31 December 2015 to RMB420.2 million as of 31 December 2016. The increase in our current assets was mainly due to the significant increase in our inventories from RMB62.7 million as of 31 December 2015 to RMB344.0 million as of 31 December

2016 and the significant increase in our bank balances and cash from RMB5.1 million as of 31 December 2015 to RMB124.9 million as of 31 December 2016. The significant increase in our inventories from 31 December 2015 to 31 December 2016 was mainly due to the rapid expansion of our business and our purchase of certain gold products in large quantity towards the end of 2016 in anticipation of our sales initiatives for those products in early 2017. The significant increase in our bank balances and cash from 31 December 2015 to 31 December 2016 was mainly due to the proceeds from the Pre-IPO Investments. The decrease in our current liabilities was mainly due to the significant decrease in our amounts due to fellow subsidiaries from RMB192.3 million as of 31 December 2015 to RMB0.5 million as of 31 December 2016, partially offset by the increase in our amount due to our immediate holding company by 79.6% from RMB203.2 million to RMB364.9 million.

Our current ratio increased from 112.1% as of 31 December 2014 to 115.2% as of 31 December 2015, primarily because the significant increase in our current assets from RMB87.1 million as of 31 December 2014 to RMB540.3 million as of 31 December 2015 outpaced the significant increase in our current liabilities from RMB77.7 million as of 31 December 2014 to RMB468.9 million as of 31 December 2015. The increase in our current assets was mainly due to (i) the significant increase in our amount due from fellow subsidiaries from RMB10,000 as of 31 December 2014 to RMB276.3 million as of 31 December 2015 and (ii) the significant increase in our trade and other receivables from RMB51.2 million as of 31 December 2014 to RMB156.2 million as of 31 December 2015. The significant increase in our trade and other receivables from 31 December 2014 to 31 December 2015 was mainly due to (i) the significant increase in our trade receivables from RMB33.6 million as of 31 December 2014 to RMB123.5 million as of 31 December 2015 mainly due to (a) the rapid expansion of our business and (b) our sales of jewellery products of RMB87.5 million to one of our franchisees from November 2015 to the end of the same year, certain receivables of which we had not settled as of 31 December 2015 after considering the franchisee's good track record and credit condition and (ii) the increase in our deposits and prepayments by 86.6% from RMB17.2 million as of 31 December 2014 to RMB32.1 million as of 31 December 2015 primarily due to the increase in our value-added tax recoverable mainly as a result of our increased purchase of raw materials and finished goods, our prepayments made to the third-party developer of our ERP system and the deposits and prepayments we made in relation to our renovation and leases in 2015.

Quick ratio

Our quick ratio increased from 68.1% as of 31 December 2016 to 118.7% as of 31 October 2017, primarily because the significant increase in our current assets less inventories from RMB285.9 million as of 31 December 2016 to RMB563.5 million as of 31 October 2017 outpaced the increase in our current liabilities by 13.0% from RMB420.2 million as of 31 December 2016 to RMB474.9 million as of 31 October 2017. The significant increase in our current assets less inventories was primarily due to (i) the significant decrease in our inventories from RMB344.0 million as of 31 December 2016 to RMB209.1 million as of 31 October 2017, and (ii) the significant increase in our bank balances and cash from RMB124.9 million as of 31 December 2016 to RMB494.2 million as of 31 October 2017 mainly as a result of our rapid expansion of business, and the proceeds from issue of shares of RMB73.0 million that we received from Best Conduct through the Pre-IPO Investments. The significant decrease in our inventories from 31 December 2016 to 31 October 2017 was primarily because in the ten months ended 31 October 2017 we sold substantially all of the inventories for certain gold products that we purchased towards the end of 2016 and we continued to strengthen our efforts in our inventory management. The significant increase in our trade and other receivables was primarily due to the significant increase in our trade receivables mainly attributable to (i) our rapid business expansion during such period and (ii) our increased sales of jewellery products to our franchisees and certain wholesale customers who generally enjoy a 30-day credit term, which was partially offset by the decrease in our deposits and prepayments, primarily because they were used to settle certain our payables to the same suppliers and we were not required to make prepayments to certain of our suppliers as a result of our greater bargaining power as our business continued to grow.

Our quick ratio decreased from 101.8% as of 31 December 2015 to 68.1% as of 31 December 2016, primarily because the decrease in our current assets less inventories by 40.1% from RMB477.6 million as of 31 December 2015 to RMB285.9 million as of 31 December 2016 outpaced the decrease in our current liabilities by 10.4% from RMB468.9 million as of 31 December 2015 to RMB420.2 million as of 31 December 2016. The decrease in our current assets less inventories was mainly due to the significant decrease in our amount due from fellow subsidiaries from RMB276.3 million as of 31 December 2015 to RMB34.3 million as of 31 December 2016.

Our quick ratio increased from 68.7% as of 31 December 2014 to 101.8% as of 31 December 2015, primarily because the significant increase in our current assets less inventories from RMB53.4 million as of 31 December 2014 to RMB477.6 million as of 31 December 2015 outpaced the significant increase in our current liabilities from RMB77.7 million as of 31 December 2014 to RMB468.9 million as of 31 December 2015. The increase in our current assets less inventories was primarily due to (i) the significant increase in our amount due from fellow subsidiaries from RMB10,000 as of 31 December 2014 to RMB276.3 million as of 31 December 2015 and (ii) the significant increase in our trade and other receivables from RMB51.2 million as of 31 December 2014 to RMB156.2 million as of 31 December 2015. The significant increase in our trade and other receivables was primarily because of (i) the significant increase in our trade receivables from RMB33.6 million as of 31 December 2014 to RMB123.5 million as of 31 December 2015 mainly due to (a) the rapid expansion of our business and (b) our sales of jewellery products of RMB87.5 million to one of our franchisees from November 2015 to the end of the same year, certain receivables of which we had not settled as of 31 December 2015 after considering the franchisee's good track record and credit condition and (ii) the increase in our deposits and prepayments by 86.6% from RMB17.2 million as of 31 December 2014 to RMB32.1 million as of 31 December 2015 primarily due to the increase in our VAT recoverable mainly as a result of our increased purchase of raw materials and finished goods, our prepayments made to the third-party developer of our ERP system and the deposits and prepayments we made in relation to our renovation and leases in 2015.

Our Listing Segment

The following table sets forth certain financial ratios based on our Listing Segment financial information (based on cost of silver ingots at prevailing market rates) for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October
	2014	**2015**	**2016**	**2017**
Listing Segment gross profit margin(1)	13.4%	10.3%	5.9%	5.9%
Listing Segment net profit margin(2)	3.3%	2.6%	1.9%	2.1%
Listing Segment return on equity(3)	103.6%	29.8%	27.6%	N/A
Listing Segment return on total assets(4)	19.1%	6.2%	7.8%	N/A

Notes:

(1) Listing Segment gross profit for a period divided by revenue for the same period and multiplied by 100%.

(2) Listing Segment net profit for a period divided by revenue for the same period and multiplied by 100%.

(3) Listing Segment return on equity is calculated on a full year basis. Listing Segment return on equity for the year ended 31 December 2014, 2015 and 2016 is calculated by Listing Segment profit for the year divided by the average of the beginning and ending total equity of our Group for the respective year and multiplied by 100%.

(4) Listing Segment return on total assets is calculated on a full year basis. Listing Segment return on total assets for the year ended 31 December, 2014, 2015 and 2016 is calculated by Listing Segment profit for the year divided by the average of beginning and ending total assets of our Group for the respective year and multiplied by 100%.

Our Listing Segment gross profit margin, net profit margin, return on equity and return on total assets during the Track Record Period were lower than those of our Group. Such lower ratios were primarily due to the higher cost of sales of silver ingots of our Listing Segment which was accounted for at prevailing market rates in the Relevant Period. See the section headed "— Explanatory Statement on the Presentation of Our Group's Cost of Sales and Profitability" for more details.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into, nor did we expect to enter into, any off-balance sheet arrangements. We also had not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we had not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we did not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We did not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISK MANAGEMENT

Our financial instruments include trade and other receivables, amounts due from fellow subsidiaries, amount due from an associate, bank balances and cash, trade and other payables and amounts due to fellow subsidiaries. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on management of these risks are set out below. Our management manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

Market Risk

Currency risk

The carrying amounts of our monetary assets and monetary liabilities that are denominated in currencies other than the functional currency at the respective date are set forth below:

	Assets				Liabilities			
	As of 31 December			As of 31 October	As at 31 December			As at 31 October
	2014	2015	2016	2017	2014	2015	2016	2017
	(in thousands of RMB)							
Hong Kong dollar	—	170	48	12	—	—	1,464	7,002
U.S. dollar	—	2,499	7,546	7	—	—	3,056	7,484
Subtotal	—	2,669	7,594	19	—	—	4,520	14,486

We currently do not have any foreign currency hedging policy. However, our management will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

No sensitivity analysis is presented since our Directors consider the exposure to be immaterial.

Interest rate risk

We are exposed to cash flow interest rate risk in relation to variable-rate bank balances. We currently do not have any interest rate hedging policy. Our management monitors our relevant exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

No sensitivity analysis is presented since our Directors consider the exposure of cash flow interest rate risk arising from variable-rate bank balances to be limited due to their short maturities.

Credit Risk

At the end of each reporting period, our maximum exposure to credit risk which will cause a financial loss to us if the relevant counterparties fail to discharge their obligations arises from the carrying amount of the respective recognised financial assets.

We face concentration of credit risk in relation to our trade receivables, details of which are set forth below:

	As of 31 December			As of 31 October
	2014	2015	2016	2017
Amount due from the largest trade debtor as a percentage to total trade receivables	30%	72%	35%	15%
Total amount due from the five largest debtors as a percentage to total trade receivables	93%	94%	67%	56%

In order to minimise the credit risk, our management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, we review the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our management considers that our credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Liquidity Risk

In the management of liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. All the financial liabilities at the end of each reporting period are non-interest bearing and payable on demand or less than three months.

See Note 24b to our consolidated financial statements included in "Appendix I — Accountants' Report" to this prospectus for more details.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions and professional fees paid to the reporting accountants, legal advisers and other professional advisers for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the midpoint of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised, including underwriting commissions and excluding any discretionary incentive fee which may be payable by us) for the Global Offering are approximately RMB47.3 million. During the Track Record Period, we incurred listing expenses of approximately RMB26.6 million, of which RMB20.4 million was recognised as listing expenses and RMB6.2 million will be capitalised as deferred expenses that are expected to be charged against equity upon successful listing under the relevant accounting standards. We incurred additional listing expenses of approximately RMB3.0 million in November and December 2017 which is expected to be recognised as listing expenses for 2017 . We expect to incur additional listing expenses of approximately RMB17.7 million in 2018, of which RMB4.0 million is expected to be recognised as listing expenses before listing and RMB13.7 million will be capitalised as deferred expenses that are expected to be charged against equity upon successful listing under the relevant accounting standards. Our Directors do not expect such expenses will have a material and adverse impact on our results of operations for the year ended 31 December 2017.

DIVIDEND

Pursuant to the Cayman Islands Companies Law and our Articles of Association, we, through a general meeting, may declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. We declared no dividends during the Track Record Period.

Our Board has the absolute discretion to recommend any dividends. Our dividend distribution record in the past may not be useful as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The statement of our unaudited pro forma adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on our audited consolidated net tangible assets attributable to owners of the Company as at 31 October 2017 as if the Global Offering had taken place on that date.

This statement of our unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owners of the Company had the Global Offering been completed as at 31 October 2017 or at any subsequent dates. The following statement of our unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company is based on the audited consolidated net tangible assets of our Group attributable to owners of the Company as at 31 October 2017 as set forth in "Appendix I — Accountants' Report" to this prospectus and adjusted as below:

	Audited consolidated net tangible assets of our Group attributable to owners of the Company as at 31 October 2017(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company as at 31 October 2017	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company as at 31 October 2017 per Share	
		(in thousands of RMB)		(in RMB)(3)	(in HK$)(4)
Based on an offer price of HK$2.28 per Share.	308,589	335,644	644,233	0.63	0.77
Based on an offer price of HK$3.28 per Share.	308,589	488,549	797,138	0.78	0.96

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 is based on the consolidated net assets of the Group attributable to owners of the Company of RMB290,500,000 as at 31 October 2017 as extracted from the Accountants' Report as set out in Appendix I to this prospectus less intangible assets of the Group attributable to owners of the Company as at 31 October 2017 of RMB9,105,000 as at 31 October 2017.

(2) The estimated net proceeds from the Global Offering are based on 194,183,990 Shares at the Offer Price of HK$2.28 and HK$3.28, being the low-end and high-end of the indicated offer price range, after deduction of the estimated underwriting fees and related expenses expected to be incurred by the Group subsequent to 31 October 2017 (other than expenses already recognised in profit or loss up to 31 October 2017). It does not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued and alloted pursuant to the Loan Capitalisation Issue or any Shares which may be issued or repurchased pursuant to the Company's general mandates. The estimated net proceeds from the Global Offering are converted from Hong Kong dollar to RMB at an exchange rate of HK$1.00 to RMB0.8109. No representation is made that the Hong Kong dollars amounts have been, could have been or could be converted to RMB, or *vice versa*, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 per Share has been arrived at after making the adjustments referred to in this section on the basis of a total of 1,026,517,990 Shares comprising 832,334,000 Shares in issue as at 31 October 2017 and 194,183,990 Shares to be issued pursuant to the Global Offering. It does not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued and alloted pursuant to the Loan Capitalisation Issue or any Shares which may be issued or repurchased pursuant to the Company's general mandates.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 per Share is converted from RMB into Hong Kong dollar at an exchange rate of HK$1.00 to RMB0.8109. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that date or at any other rates or at all.

No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2017.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 per Share in the table above does not take into account the effect of (i) the settlement of an amount equal to 27,070,010 Shares multiplied by the final Offer Price per Share (being not more than the RMB equivalent of HK$88,789,633) due to immediate holding company, which amount is non-trade in nature, by the Loan Capitalisation Issue and (ii) the capitalisation of the remaining outstanding balances with the immediate holding company, which will be reflected as contribution reserve ("**Loan Contribution**").

Assuming that the Loan Capitalisation Issue and Loan Contribution had been taken into account and completed on 31 October 2017, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 per Share would have been RMB0.97 and RMB1.11 (equivalent to HK$1.19 and HK$1.37 at exchange rate of HK1.00 to RMB0.8109) at the Offer Price of HK$2.28 and HK$3.28, respectively, which is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 with further adjustment of RMB372,844,000 for the effect of Loan Capitalisation Issue and Loan Contribution to RMB1,017,077 and RMB1,169,982 based on the Offer Price of HK$2.28 and HK$3.28 respectively, and a total of 1,053,588,000 Shares comprising 832,334,000 Shares in issue as at 31 October 2017, 27,070,010 Shares to be issued pursuant to the Loan Capitalisation Issue and 194,183,990 Shares to be issued pursuant to the Global Offering.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances which would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules upon the listing of the Shares on the Stock Exchange.

DISTRIBUTABLE RESERVES

As of 31 October 2017, our Company had no distributable reserves.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading position since 31 October 2017.

RECENT DEVELOPMENT

We plan to build production facilities in Jiangxi Jiyin to establish our in-house production capabilities to process silver ingots into silver bars and limited categories of other silver jewellery products such as silver bangles. We incurred capital expenditure in an amount of approximately RMB2.7 million in the ten months ended 31 October 2017 for purchases of production equipment and construction of the facilities. We are in the process of sourcing equipment and machinery and also recruiting personnel for our production facilities at Jiangxi Jiyin. We expect to commence our in-house production in March 2018.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2017

We have prepared the following profit estimate for the year ended 31 December 2017.

Estimated consolidated profit attributable to owners of the Company[(1)(3)]	Not less than RMB96.9 million (approximately HK$119.5 million)
Unaudited pro forma estimated earnings per Share[(2)(3)]	Not less than RMB0.09 (approximately HK$0.11)

Notes:

(1) The basis on which the profit estimate has been prepared are set out in Appendix III to this prospectus. The estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2017 is based on the audited consolidated results of the Group for the ten months ended 31 October 2017 and the unaudited consolidated results of the Group based on the management accounts of the Group for the two months ended 31 December 2017.

(2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2017 and the weighted average number of shares that are outstanding during the year ended 31 December 2017 and on the assumption that the Global Offering had been completed on 1 January 2017, resulted in a weighted average of 1,023,022,100 Shares for the year ended 31 December 2017. The calculation or the estimated earnings per Share does not take account of any Shares which may be issued and alloted pursuant to the Loan Capitalisation Issue or any Shares which may be issued or repurchased pursuant to the Company's general mandates.

(3) The estimated consolidated profit attributable to owners of the Company and the unaudited pro forma estimated earnings per Share are converted into Hong Kong dollars at the exchange rate of RMB1.00 to HK$1.2331. No presentation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

FUTURE PLANS

Please refer to the section headed "Business — Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The following table sets forth the estimate of net proceeds (the "**Net Proceeds**") from the Global Offering which we are expected to receive after deduction of underwriting commissions and any discretionary incentive fee which may be payable by us in connection with the Global Offering:

	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(in millions of Hong Kong dollars)	
Assuming an Offer Price of HK$2.78 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	481.5	560.1
Assuming an Offer Price of HK$3.28 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	575.8	668.5
Assuming an Offer Price of HK$2.28 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	387.2	451.7

We estimate the net proceeds of the Global Offering which we will receive, assuming the Over-allotment Option is not exercised and an Offer Price of HK$2.78 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$481.5 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering. We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 65%, or HK$313.0 million, will be used to expand and optimise our integrated online and offline retail structure and enhance the online and offline synergies, of which:
  - ○ approximately 62%, or HK$192.6 million, will be used to implement our CSmall Gift initiatives and other crossover marketing initiatives, of which:
    - — approximately 35%, or HK$67.4 million, on purchases of inventories for CSmall Gift initiatives;
    - — approximately 35%, or HK$67.4 million, on rental, utility and renovation related to our establishment of our CSmall Gift Shops, as further elaborated in the section headed "Business — Our CSmall Gift Initiatives" in this prospectus;
    - — approximately 15%, or HK$28.9 million, on employee compensation for increasing our staff size to support our CSmall Gift initiatives;
    - — approximately 10%, or HK$19.3 million, on sales and marketing efforts associated with our CSmall Gift initiatives; and
    - — approximately 5%, or HK$9.6 million, on others including office expense, travel expense, logistic services, insurance, business tax and service charge;
  - ○ approximately 23%, or HK$72.2 million, will be used to develop our online sales channels, including to improve our sales and services offered through our self-operated online platform, primarily by upgrading our IT systems and enhancing the interface of our self-operated online jewellery platform; and
  - ○ approximately 15%, or HK$48.1 million, will be used to develop our offline sales and service network, primarily by establishing more self-operated CSmall Shops in the more developed cities in the PRC with strong purchasing power, of which:

  — approximately 35%, or HK$16.9 million, on purchases of inventories;
  — approximately 35%, or HK$16.9 million, on rental, utility and renovation;
  — approximately 15%, or HK$7.2 million, on sales and marketing efforts;
  — approximately 10%, or HK$4.8 million, on employee compensation; and
  — approximately 5%, or HK$2.4 million, on others including office expense, travel expense, logistic services, insurance, business tax and service charge;

- approximately 10%, or HK$48.1 million, will be used to strengthen our data collection, mining and utilisation capabilities, primarily by upgrading our IT infrastructure and data management systems, expanding our data analysis team and enhancing our software development capabilities.

- approximately 10%, or HK$48.1 million, will be used to improve our product design and development capabilities and enhance our inventory, order fulfilment and logistics management, primarily by expanding our in-house design team and expanding our warehouse and upgrading our order fulfilment facilities commensurate with the business needs.

- approximately 10%, or HK$48.1 million, will be used for our brand development and targeted sales and marketing campaigns.

- the remaining amount of approximately 5%, or HK$24.1 million, of the net proceeds, will be used for working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed below or above the midpoint of the indicative price range.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK$78.6 million, after deducting underwriting commissions, fees and other estimated expenses payable by us, assuming an Offer Price of HK$2.78 per Share (being the mid-point of the Offer Price range of HK$2.28 to HK$3.28 per Share). We intend to apply all additional net proceeds for the same purposes as set out above on a pro rata basis.

If the Offer Price is set at the high-end of the indicative Offer Price range, being HK$3.28 per Share, the net proceeds from the Global Offering will increase by approximately HK$94.3 million (assuming the Over-allotment Option is not exercised) or approximately HK$108.4 million (assuming the Over-allotment Option is exercised in full), in which case we intend to apply the additional net proceeds as set out above on a pro rata basis. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK$2.28 per Share, the net proceeds from the Global Offering will decrease by approximately HK$94.3 million (assuming the Over-allotment Option is not exercised) or approximately HK$108.4 million (assuming the Over-allotment Option is exercised in full), in which case we intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis. To the extent that the capital requirements related to our abovementioned business development and expansion plans are not fully satisfied by the net proceeds of the Global Offering or should additional capital requirements arise therefrom, we expect to finance such capital requirements primarily through cash flows generated from our operating activities in addition to the net proceeds from the Global Offering. In the ten months ended 31 October 2017, we had net cash generated from operating activities of RMB310.8 million. See the section headed “Financial Information — Liquidity and Capital Resources — Cash Flow” for more information. Our Directors believe that our liquidity and capital resources will adequately satisfy the capital requirements for our planned business development and expansion in the foreseeable future.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we intend to place the same in short-term deposits with licensed banks or financial institutions in the PRC or Hong Kong as permitted by the relevant laws and regulations.

HONG KONG UNDERWRITERS

China Merchants Securities (HK) Co., Limited

Head & Shoulders Securities Limited

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Placing is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed among our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 19,420,000 Hong Kong Offer Shares and the International Offering of initially 174,763,990 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreements

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Under the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on the terms and subject to the conditions of this prospectus and the Application Forms.

Subject to the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, the Loan Capitalisation Issue and the Distribution or otherwise as described in this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company agreeing on the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to procure subscribers for, or themselves to subscribe for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among others, the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination by the Hong Kong Underwriters

The Sole Global Coordinator, at its sole and absolute discretion, may, for itself and on behalf of the Sole Sponsor and the Hong Kong Underwriters, upon giving notice in writing to our Company and/or our Controlling Shareholder made pursuant to the Hong Kong Underwriting Agreement, terminate the respective obligations of the Hong Kong Underwriters and the respective obligations of the Sole Sponsor under the Hong Kong Underwriting Agreement with immediate effect if any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Global Coordinator that:

   (i) any statement contained in any of this prospectus, the Application Forms, the formal notice to be published in connection with the Hong Kong Public Offering, and any other document published or issued by or on behalf of our Company for the purposes of or in connection with the Global Offering and, in each case, all amendments or supplements thereto (collectively, the "**Offer Documents**") considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters and the Sole Sponsor) in its sole and absolute opinion to be material in the context of the Global Offering, was, when it was issued, or has become, untrue, incorrect or misleading in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not, in the sole and absolute opinion of the Sole Global Coordinator, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any Offer Documents and considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters and the Sole Sponsor) in its sole and absolute opinion to be material in the context of the Global Offering; or

(iii) any of the representations and warranties given by the Company or the Controlling Shareholder in the Hong Kong Underwriting Agreement or the International Underwriting Agreement is (or would when repeated be) untrue, inaccurate or misleading or having been breached and considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters and the Sole Sponsor) in its sole and absolute opinion to be material in the context of the Global Offering; or

(iv) any material breach of any of the obligations or undertakings imposed upon any party (other than the Sole Global Coordinator or any of the Underwriters or the Sole Sponsor) to any of the Underwriting Agreements; or

(v) any material adverse change or prospective material adverse change in the condition, business, assets and liabilities, shareholders' equity, properties, results of operations, in the financial or trading position or prospects of our Group as a whole; or

(vi) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vii) the Company withdraws any of the Offer Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or the Global Offering; or

(viii) any matter, event, act or omission which gives or is likely to give rise to any material liability of the Company or the Controlling Shareholder pursuant to the indemnities given by the Company or the Controlling Shareholder and which liability will have a material adverse effect on the business or financial or trading position of our Company and the Group as a whole; or

(ix) any person (other than the Hong Kong Underwriter) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(b) there shall develop, occur, exist or come into effect:

(i) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in or representing any change or development in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against Hong Kong dollars, U.S. dollars, GBP and Euros; or

(ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any Hong Kong, China, the Cayman Islands, the BVI, the United States, the United Kingdom, the European Union (or any member thereof) or any other relevant jurisdiction (each a "**Relevant Jurisdiction**"); or

(iii) any event or series of events in the nature of force majeure (including, without limitation, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, in or affecting any of the Relevant Jurisdictions; or

(iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(v) (A) any suspension or limitation (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, or the Shenzhen Stock Exchange, or (B) a general moratorium or commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(vi) any material adverse change or development or event involving a prospective material adverse change in taxation or exchange controls or the implementation of any exchange control, currency exchange rates (including a material devaluation of the Hong Kong dollars or the RMB against any foreign currencies) or foreign investment regulations in any of the Relevant Jurisdictions; or

(vii) any imposition of economic sanctions, in whatever form, directly or indirectly, by any of the Relevant Jurisdictions; or

(viii) any material adverse change or development or event involving a prospective material adverse change in the Group's assets, liabilities, shareholders' equity, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or

(ix) the commencement by any judicial or regulatory body of any proceeding or action against a Director related to any alleged criminal offence or civil action which is likely to be materially adverse to the Company or an announcement by any judicial or regulatory body that it will take any such action; or

(x) other than with the approval of the Sole Global Coordinator, the issue or requirement to issue by our Company of a supplementary prospectus or offering document pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC in circumstances where the matter to be disclosed is, in the opinion of the Sole Global Coordinator, materially adverse to the marketing for or implementation of the Global Offering; or

(xi) a petition is presented for the winding up or liquidation of our Company or any of its subsidiaries, or our Company or any of its subsidiaries make any compromise or arrangement with our Company's or its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any of its subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any of its subsidiaries or anything analogous thereto occurs in respect of our Company or any of its subsidiaries; or

(xii) a valid demand by any creditor for repayment or payment of any of our Company's indebtedness or those of any of its subsidiaries or in respect of which our Company or any of its subsidiaries are liable prior to its stated maturity; or

(xiii) a contravention by our Group or any of the member of our Group of the Listing Rules or applicable Laws; or

(xiv) a prohibition on our Company for whatever reasons from offering, allotting, issuing or selling any of the Shares pursuant to the terms of the Global Offering; or

(xv) any material litigation or claim being threatened or instigated against our Company or any of its subsidiaries or our Controlling Shareholder,

and which in any of the above cases and in the sole opinion of Sole Global Coordinator (for itself and on behalf of the Sole Sponsor and the Hong Kong Underwriters):

(a) is or may or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of our Group as a whole; or

(b) has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(c) makes or may make or will or is likely to make it inadvisable or impracticable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(d) has or may have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Lock-up

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or other securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except for the Offer Shares to be issued pursuant to the Global Offering (including pursuant to the Over-allotment Option) and any Shares which may be issued in the circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholder

Pursuant to Rule 10.07(1) of the Listing Rules, our Controlling Shareholder has undertaken to us and the Stock Exchange that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option and the Stock Borrowing Agreement), it shall not and shall procure that the registered holder of the Shares in which it has a beneficial interest shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules:

(a) in the period of six months commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholder is made in this prospectus (the "**First Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities in respect of which it is shown by this prospectus to be the beneficial owner (the "**Relevant Shares**"); and

(b) in the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares, if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company.

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, our Controlling Shareholder has undertaken to us and to the Stock Exchange that, during the First Six-month Period and the Second Six-month Period, it will:

(a) when it pledges or charges any of our Shares or securities beneficially owned by it in favor of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such Shares or securities of our Company so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of its pledged or charged Shares or securities of our Company will be disposed of, immediately inform us of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters, if any, by our Controlling Shareholder and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Under the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Joint Lead Managers and the Hong Kong Underwriters that, and our Controlling Shareholder has undertaken to procure that, except pursuant to the Loan Capitalisation Issue, the Distribution and the Global Offering, the Over-allotment Option, options which may be granted under any share option scheme of any member of the Group or with the prior written consent of the Sole Sponsor, the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, our Company will not, at any time from the date of the Hong Kong Underwriting Agreement until the expiry of the First Six-month Period:

(a) offer, accept subscription for, pledge, allot, issue, sell, lend, mortgage, assign, charge, contract to issue or sell, sell any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any such share capital or other securities of the Company or any interest therein (including, but not limited to, any securities that are convertible into or exchangeable for, or that represent the right to receive any such capital or securities or any interest in any of the foregoing) or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company or any interest in any of the foregoing); or

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

(d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a) or (b) above,

in each case, whether any such transactions described in (a) or (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, in cash or otherwise.

Our Company will not enter into any of the transactions described above or agree or contract to or publicly announce any intention to enter into any such transactions such that our Controlling Shareholder would cease to be the controlling shareholder (as defined in the Listing Rules) of our Company during the Second Six Months Period; and our Company will ensure that if any of the transactions described above are carried out during the Second Six Months Period, we will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company.

Undertaking by the Controlling Shareholder

Under the Hong Kong Underwriting Agreement, our Controlling Shareholder has undertaken to the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Joint Lead Managers, the Company and the Hong Kong Underwriters that:

(i) during the First Six Months Period, it shall not, and shall procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it shall not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless pursuant to the Loan Capitalisation Issue, the Distribution, the Global Offering, the Over-allotment Option and/or if applicable, the Stock Borrowing Agreement or otherwise in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge (other than any pledge or charge of our Company's issued share capital after the Global Offering in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan), sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any share capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a) or (b) or (c) above, whether any such transaction is to be settled by delivery of such capital or securities, in cash or otherwise;

(ii) during the Second Six Months Period, it will not enter into any of the transactions specified in sub-paragraphs (i)(a), (b) or (c) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transfer or disposal, it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company; and

(iii) until the expiry of the Second Six Months Period, in the event that it enters into any such transactions or agrees or contracts to, or publicly announces any intention to enter into any such transactions, it shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Our Controlling Shareholder further undertakes to our Company, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters that, from the date of the Hong Kong Underwriting Agreement up to and including the expiry of the Second Six Months Period, it will:

(i) when it pledges or charges any securities or interests in the securities of our Company, immediately inform our Company and the Sole Global Coordinator in writing of such pledge or charge together with the number of securities and nature of interest so pledged or charged; and

(ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Global Coordinator in writing of such indications.

Our Company agrees and undertakes to each of the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters, that, it will inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) from the Controlling Shareholder and disclose such matters by way of an announcement to be published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Indemnity

Our Company and our Controlling Shareholder have agreed to, on joint and several basis, indemnify the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Sole Sponsor and the Hong Kong Underwriters for certain losses which they may suffer, including, among others, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or our Controlling Shareholder of any of the provisions of the Hong Kong Underwriting Agreement.

Commissions and expenses

The Sole Global Coordinator will receive an underwriting commission of 2.9% of the Offer Price in respect of the Hong Kong Offer Shares from our Company. Our Company may, at its sole and absolute discretion, pay the Sole Global Coordinator an incentive fee of up to 1.0% of the Offer Price in respect of the Hong Kong Offer Shares. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering and any International Offering Shares reallocated to the Hong Kong Public Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters (but not the Hong Kong Underwriters).

The underwriting commission and estimated expenses, together with the Stock Exchange trading fee, SFC transaction levy, listing fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK$58.3 million (assuming the Over-allotment Option is not exercised and an Offer Price of HK$2.78 per Share, being the mid-point of the indicated Offer Price range) and are to be borne by our Company.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will, shortly after determination of the Offer Price, enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters to be named therein would severally agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at the sole and absolute discretion of the Sole Global Coordinator at any time from the Listing Date until the date which is the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 29,127,598 additional Shares representing, in aggregate, approximately 15% of the Offer Shares initially available under the Global Offering. These additional Shares will be sold at the Offer Price and will be, among others, for the purpose of covering over-allocations in the International Offering, if any.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their obligations under the Underwriting Agreements, none of the Underwriters owns any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares or securities in our Company or any member of our Group.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor has declared its independence from us pursuant to Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering. The Global Offering consists of (subject to adjustment and the Over-allotment Option):

- the Hong Kong Public Offering of 19,420,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the sub-section headed "— The Hong Kong Public Offering" in this section;
- the International Offering of 174,763,990 Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S;

Investors may apply for our Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for our Shares under the International Offering, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for Hong Kong Offer Shares in the Hong Kong Public Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of our Shares to institutional and professional investors and other investors expected to have a sizeable demand for our Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring our Shares in the International Offering. Prospective investors will be required to specify the number of our Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to re-allocation and Over-allotment Option as described in the sub-section headed "— Pricing and Allocation" in this section.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. Details of the underwriting arrangements are summarised in the section headed "Underwriting" in this prospectus.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, 5 March 2018 and in any event, no later than Monday, 12 March 2018.

The Offer Price will be not more than HK$3.28 per Share and is expected not to be less than HK$2.28 per Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters and with our consent) consider it appropriate, the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of Monday, 5 March 2018, being the last day for lodging applications under the Hong Kong Public Offering, cause to be posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.csmall.com**) notice of the reduction in the number of Offer Shares being offered under the

Global Offering and/or the indicative offer price range. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

The Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be re-allocated as between these offerings at the discretion of the Sole Global Coordinator.

Allocation of our Shares pursuant to the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the Listing. Such allocation may be made to professional, institutional and retail or corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants, and may consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The final Offer Price, level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, and the basis of allocations of the Hong Kong Offer Shares are expected to be announced on Monday, 12 March 2018 through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, China Merchants Securities (HK) Co., Limited or its affiliates, as the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilising Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. Covered short sales are short sales made in an amount not greater than the Over-allotment Option and a covered short position is any short position, including any such position created as a result of any covered short sales or other sales, in an amount not greater than the Over-allotment Option.

The Stabilising Manager may close out any covered short position by exercising the Over-allotment Option to purchase additional Shares in consultation with the Sole Global Coordinator, purchasing Shares in the open market or through stock borrowing arrangements or a combination of these means.

In determining the source of the Shares to close out the covered short position, the Stabilising Manager will consider, among other things, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-allotment Option. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of our Shares may be effected on any stock exchange, including the Stock Exchange, any over the counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which, if commenced, will be done at the absolute discretion of the Stabilising Manager in consultation with the Sole Global Coordinator and may be discontinued at any time. Any such stabilising activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The number of our Shares that may be over-allocated will not exceed the number of our Shares that may be sold under the Over-allotment Option, namely 29,127,598 Shares, which is approximately 15% of the Shares initially available under the Global Offering. Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v). Stabilising actions by the Stabilising Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation.

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager which may also take place during the stabilisation period, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period, which will begin on the Listing Date and is expected to expire on Wednesday, 4 April 2018, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price (or, in case after the initial stabilising action, there has been a deal done or transaction effected at a price above the stabilising price on the relevant market, the price at which that deal was done or at which that transaction was effected if such price is lower than the Offer Price), which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilising period.

THE STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the International Offering, the Stabilising Manager or any person acting for it may choose to borrow Shares from China Silver Group pursuant to the Stock Borrowing Agreement (being the maximum number of Share which may be issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising the Over-allotment Option. The loan of Shares by China Silver Group pursuant to the Stock Borrowing Agreement shall not be subject to the restrictions under Rule 10.07(1)(a) of the Listing Rules which restricts the disposal of Shares by the Controlling Shareholder following the Listing, on the basis that such arrangement will be on the terms that

(i) they will only be used for settlement of over-allocations in the International Offering;

(ii) the maximum number of Shares to be borrowed from China Silver Group will be limited to the maximum number of Shares which may be issued and allotted by us upon exercise of the Over-allotment Option, which is limited to 29,127,598 Shares (equivalent to approximately 15% of the Shares initially available under the Global Offering);

(iii) the same number of Shares so borrowed must be returned to China Silver Group no later than three business days following the earlier of (a) the last date on which the Over-allotment Option can be exercised, (b) the day on which the Over-allotment Option is exercised in full, and (c) such earlier time as may be agreed in writing between China Silver Group and the borrower;

(iv) borrowing of stock pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable laws and regulatory requirements; and

(v) no payment will be made to China Silver Group in relation to the Stock Borrowing Agreement.

If the Stock Borrowing Agreement with China Silver Group is entered into, it will only be effected by the Stabilising Manager or its agents for settlement of over-allocation in the International Offering.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of any application for the Offer Shares pursuant to the Global Offering will be conditional on:

- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the Shares in issue, the Shares to be issued pursuant to the Loan Capitalisation Issue, the Distribution and the Shares to be issued pursuant to the Global Offering (including any additional shares which may be issued pursuant to the exercise of the Over-allotment Option) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

- the Offer Price having been duly agreed upon between the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and us and the delivery of the price determination agreement on or around the Price Determination Date;

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Underwriters under both the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become and remaining unconditional and such obligations not being terminated in accordance with the terms of the respective Underwriting Agreements, in each case on or before the dates and times specified in the respective agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms. If for any reason, the Offer Price is not agreed by Monday, 12 March 2018 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause notice of the lapse of the Hong Kong Public Offering to be published by us on the website of the Stock Exchange at **www.hkexnews.hk** and on the Company's website at **www.csmall.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended.

Share certificates for the Offer Shares are expected to be despatched on Monday, 12 March 2018 but will only become valid certificates of title at 8.00 a.m. on the date of commencement of the dealings in our Shares, which is expected to be on Tuesday, 13 March 2018, if (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Grounds for termination by the Hong Kong Underwriters" in this prospectus has not been exercised.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 19,420,000 Shares at the Offer Price, representing approximately 10% of the 194,183,990 Offer Shares initially available under the Global Offering, for subscription by the Public in Hong Kong. Subject to the re-allocation of Offer Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the number of Shares initially offered under the Hong Kong Public Offering will represent approximately 1.8% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. In Hong Kong, individual retail investors are expected to apply for Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking Offer Shares in the International Offering will not be allotted Offer Shares in the International Offering.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

The Offer Price will be not more than HK$3.28 and is expected to be not less than HK$2.28. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum offer price of HK$3.28 per Share plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK$3.28, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

Allocation

The allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the Hong Kong Offer Shares (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally into two pools: Pool A and Pool B, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total subscription amount (excluding brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) of HK$5 million or below will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with a total subscription amount (excluding brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 9,710,000 Hong Kong Offer Shares being 50% of the initial number of Hong Kong Offer Shares are liable to be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

Reallocation

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below. If the number of Hong Kong Offer Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 58,256,000, 77,674,000 and 97,092,000 Hong Kong Offer Shares, respectively, representing approximately 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Offer Shares will be re-allocated to Pool A and Pool B in the Hong Kong Public Offering.

The Global Offering to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Sole Global Coordinator, subject to the maximum total number of shares that may be allocated to the Hong Kong Public Offering, being 38,840,000 Shares, representing double of the initial allocation to the Hong Kong Public Offering, in accordance with Guidance Letter HKEX-GL-91-18.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$3.28 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and Allocation", is less than the maximum price of HK$3.28 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For details, please refer to the section headed "How to Apply for Hong Kong Offer Shares".

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

THE DISTRIBUTION

The China Silver Shareholders approved the Spin-Off in an extraordinary general meeting of China Silver Group held on 15 December 2017. The Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying China Silver Shareholders of an aggregate of 27,070,010 Shares conditional upon Listing. Please refer to the section headed "The Spin-Off and the Distribution — The Distribution" in this prospectus for further details of the Distribution.

Pursuant to the resolutions of our Shareholders passed on 13 February 2018 and 21 February 2018, subject to the Global Offering becoming unconditional in all respects, our Directors were authorised to allot and issue a total of 27,070,010 new Shares to China Silver Group under the Loan Capitalisation Issue and all of these new Shares shall be distributed to the Qualifying China Silver Shareholders in the manner set out below.

The Distribution will be satisfied wholly by way of distribution in specie to the Qualifying China Silver Shareholders of an aggregate of 27,070,010 Shares, representing approximately 3.15% of the then issued share capital of our Company immediately following the completion of the Loan Capitalisation Issue and Distribution and before completion of the Global Offering , in proportion to their respective shareholdings in China Silver Group on the Record Date.

Pursuant to the Distribution, the Qualifying China Silver Shareholders will be entitled to one Share for every 60 China Silver Shares held on the Record Date. The Distribution is conditional on the Global Offering becoming unconditional in all respects. If such condition is not satisfied, the Distribution will not be made and the Spin-Off will not take place.

Fractional entitlements of the Qualifying China Silver Shareholders to the Shares under the Distribution will be retained by China Silver Group for sale in the market and China Silver Group will keep the net proceeds of sale, after deduction of related expenses therefrom, for the benefit of China Silver Group.

Subject to the Distribution becoming unconditional, we expect to despatch share certificates to Qualifying China Silver Shareholders who are entitled to receive Shares under the Distribution on or before Monday, 12 March 2018. Share certificates will only become valid if the Distribution becomes unconditional.

Overseas Excluded China Silver Shareholders (if any) will be entitled to the Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Distribution will be sold by China Silver Group on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. The proceeds of such sale, net of expenses, will be paid to the Overseas Excluded China Silver Shareholders in Hong Kong dollars. Such payment is expected to be made on or before Thursday, 12 April 2018.

One China Securities Limited will provide matching services, on a best efforts basis, to the Qualifying China Silver Shareholders to facilitate the trading of odd lots (if any) of Shares which the Qualifying China Silver Shareholders may receive under the Distribution. For further details, please refer to the announcement dated 28 February 2018 issued by our Controlling Shareholder.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

The number of Shares to be initially offered under the International Offering will be 174,763,990 Shares, representing approximately 90% of the Offer Shares under the Global Offering (subject to adjustment and the Over-allotment Option). The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the book-building process and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "The Hong Kong Public Offering — Reallocation" in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator at their sole and absolute discretion on behalf of the International Underwriters at any time from the Listing Date until the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, the Sole Global Coordinator will have the right to require us to allot and issue up to 29,127,598 additional Shares representing approximately 15% of the initial number of Offer Shares to cover, inter alia, over-allocations in the International Offering, if any. The Sole Global Coordinator may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements from holders of Shares or exercise of the Over-allotment Option or by a combination of these means or otherwise as may be permitted under applicable laws. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. An announcement will be made in the event that the Over-allotment Option is exercised.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering and the International Offering become unconditional at 8:00 a.m. in Hong Kong on Tuesday, 13 March 2018, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 13 March 2018. The Shares will be traded in board lots of 1,000 Shares.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date and subject to the other conditions set out in the sub-section headed "— Conditions of the Global Offering" in this section.

We expect shortly after determination of the Offer Price on the Price Determination Date, to enter into the International Underwriting Agreement relating to the International Offering.

Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section headed "Underwriting" in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. How to apply

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. Who can apply

You can apply for the Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you, or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above you must also (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual member's names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under power of attorney, the Sole Global Coordinator may accept it at their discretion, and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a connected person of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- are an associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicated an interest in any Offer Shares under the International Offering.

3. Applying for Hong Kong Offer Shares

Which Application Channel to Use

- For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **White Form eIPO** service at **www.eipo.com.hk**.
- For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 28 February 2018 until 12:00 noon on Monday, 5 March 2018 from:

(a) the following addresses of the Hong Kong Underwriters:

China Merchants Securities (HK) Co., Limited
48/F One Exchange Square
Central
Hong Kong

Head & Shoulders Securities Limited
Room 2511, 25/F, Cosco Tower
183 Queen's Road Central
Hong Kong

(b) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Aberdeen Branch	25 Wu Pak Street, Aberdeen
	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan
	Causeway Bay Branch	505 Hennessy Road, Causeway Bay
Kowloon	Telford Plaza Branch	Shop Unit, P2-P7, Telford Plaza, No.33 Wai Yip Street, Kowloon Bay
	Prince Edward Road West (Mong Kok) Branch	116-118 Prince Edward Road West, Mong Kok
	Tsim Sha Tsui East Branch	Shop 3, LG/F, Hilton Towers, 96 Granville Road, Tsim Sha Tsui East
New Territories	Tai Po Plaza Branch	Unit 4, Level 1 Tai Po Plaza, 1 On Tai Road, Tai Po
	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 28 February 2018 until 12:00 noon on Monday, 5 March 2018 from the Depositary Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — CSMALL PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Wednesday, 28 February 2018 —	**9:00 a.m. to 5:00 p.m.**
Thursday, 1 March 2018 —	**9:00 a.m. to 5:00 p.m.**
Friday, 2 March 2018 —	**9:00 a.m. to 5:00 p.m.**
Saturday, 3 March 2018 —	**9:00 a.m. to 1:00 p.m.**
Monday, 5 March 2018 —	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 5 March 2018, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. Terms and conditions of an application

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully; otherwise, your application may be rejected.

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. Applying Through the White Form eIPO Service

General

Individuals who meet the criteria in "2. Who can apply" in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

Time for Submitting Applications under the White Form eIPO service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Wednesday, 28 February 2018 until 11:30 a.m. on Monday, 5 March 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 5 March 2018 or such later time under the "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service, or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of the **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "CSMall Group Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Dongjiang River Source Tree Planting" project initiated by Friends of the Earth (HK).

6. Applying by giving electronic application instructions to HKSCC via CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the general rules of CCASS and the CCASS operational procedures.

If you are a **CCASS Investor Participant**, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet system (**https://ip.ccass.com**) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/ or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS operational procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing or Custodian Participants should input electronic application instructions at the following times on the following dates:

Wednesday, 28 February 2018 — 9:00 a.m. to 8:30 p.m. *(Note)*
Thursday, 1 March 2018 — 8:00 a.m. to 8:30 p.m. *(Note)*
Friday, 2 March 2018 — 8:00 a.m. to 8:30 p.m. *(Note)*
Saturday, 3 March 2018 — 8:00 a.m. to 1:00 p.m. *(Note)*
Monday, 5 March 2018 — 8:00 a.m. *(Note)* **to 12:00 noon**

Note: These times are subject to changes as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 28 February 2018, until 12:00 noon on Monday, 5 March 2018 (24 hours daily, except on the last application day).

The latest time for inputting electronic application instructions will be 12:00 noon on Monday, 5 March 2018, the last application day, or if the application lists are not open on that day, by the time and date stated in the section headed "10. Effect of Bad Weather on the Opening of the Application Lists" below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. Warning for electronic applications

The subscription for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for any such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS phone system or the CCASS Internet system to submit their **electronic application instructions**, they should either:

(i) submit a **WHITE** or **YELLOW** Application Form; or

(ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 5 March 2018, or such later time as described under the section headed "10. Effect of Bad Weather on the Opening of the Application Lists" below.

8. How many applications can you make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for **each** beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or via the **White Form eIPO** service provided by the **White Form eIPO** Service Provider, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. How much are the Hong Kong Offer Shares

The Application Forms have tables showing the exact amount payable for Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee in full upon application for Hong Kong Offer Shares under the terms set out in the Application Forms.

You may submit an application using **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS or to the **White Form eIPO** Service Provider via the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage is paid to participants of the Stock Exchange (or the Stock Exchange, as the case may be), the Stock Exchange trading fee is paid to the Stock Exchange, and the SFC transaction levy is collected by the Stock Exchange on behalf of the SFC.

For further details on the Offer Price, see the section headed "Structure of the Global Offering — Pricing and Allocation".

10. Effect of bad weather on the opening of the application lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 5 March 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those signals in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon. For this purpose, "Business Day" means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

If the application lists do not open and close on Monday, 5 March 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. Publication of results

It is expected that the final Offer Price, the level of indications of interest in the International Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares will be published on Monday, 12 March 2018 on the Company's website at **www.csmall.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.csmall.com** and on the website of the Stock Exchange at **www.hkexnews.hk** on Monday, 12 March 2018;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, 12 March 2018 to 12:00 midnight on Sunday, 18 March 2018;
- by telephone enquiry line by calling (852) 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, 12 March 2018 to Thursday, 15 March 2018; and
- in the special allocation results booklets which will be available for inspection during opening hours of individual branches from Monday, 12 March 2018 to Wednesday, 14 March 2018 at all the receiving bank designated branches at the addresses referred to above.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. Circumstances in which you will not be allotted Hong Kong Offer Shares

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(a) If your application is revoked

By completing and submitting an Application Form or **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that you cannot revoke your application or the application made by HKSCC Nominees on your behalf on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked before such fifth day, if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, you may or may not (depending on the information contained in the supplement) be notified that you are required to confirm your applications. If you have been so notified but have not confirmed your applications in accordance with the procedures to be notified, all unconfirmed applications will be deemed revoked. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(b) If our Company or our agents exercise their discretion to reject your application

Our Company, the Sole Global Coordinator, or their respective agents have full discretion to reject or accept any application, or to accept only part of any application without giving any reasons.

(c) If the allocation of Hong Kong Offer Shares is void

The allocation of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If

- you make multiple applications or a suspected multiple application;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allotted (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- the Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- any of the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement does not become unconditional or is terminated;
- our Company and the Sole Global Coordinator (on behalf of our Company) believe that the acceptance of your application would violate the applicable securities or other laws, rules or regulations; or
- if you apply for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. Refund of application monies

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$3.28 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies (if any) is expected to be made on or before Monday, 12 March 2018.

14. Despatch/collection of share certificates and refund monies

You will receive one share certificate for all of the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS, in which case share certificates will be deposited directly into CCASS).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Forms, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund of your application monies are expected to be posted and/or available for collection (as the case may be) on or before Monday, 12 March 2018. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Tuesday, 13 March 2018, provided that the Global Offering has become unconditional in all respects and the right of termination under the Underwriting Agreements as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Underwriting Agreements — Hong Kong Public Offering — Grounds for termination by the Hong Kong Underwriters" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

Personal Collection

(a) If you apply using a WHITE Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have provided all information required by your Application Form, you may collect your Share certificate(s) and/or refund cheque(s) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 12 March 2018 or such other dates as notified by our Company.

If you are an individual who are eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which are eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your Share certificate(s) and/or refund cheque(s) in person within the time specified for collection, it/they will be despatched promptly to the address as specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) and/or refund cheque(s) (where relevant) will be despatched promptly to you on or before Monday, 12 March 2018 by ordinary post to the address on the relevant Application Form at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **YELLOW** Application Form, please follow the same procedure as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) (if any) will be sent to the address on the relevant Application Form on or before Monday, 12 March 2018, by ordinary post at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 12 March 2018, or upon contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- *If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant)*

  For the Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

  Our Company expects to publish the results of the Hong Kong Public Offering, including the results of CCASS Investor Participants applications, in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results", in this prospectus. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 March 2018 or such other date as determined by HKSCC or HKSCC Nominees. Immediately following the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS phone system and the CCASS Internet system.

(c) If you apply through White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service, and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheque(s) (where relevant) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 12 March 2018, or such other dates as notified by our Company as the date of despatch/ collection of Share certificate(s)/refund cheque(s).

If you do not collect your Share certificate(s) and/or refund cheque(s) in person within the time specified for collection, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) and/or refund cheque(s) (where relevant) will be sent to the address specified in your application instructions on or before Monday, 12 March 2018 by ordinary post at your own risk.

If you apply and pay the application monies through a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies through multiple bank accounts, refund cheque(s) for surplus application monies (if any) will be despatched promptly to the address specified in your application instructions by ordinary post at your own risk on.

(d) If you apply via Electronic Application Instructions to HKSCC via CCASS

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 12 March 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Offer Shares in the manner specified in "Publication of Results" above on Monday, 12 March 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 March 2018 or such other date as determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 12 March 2018. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 12 March 2018.

15. Admission of the Shares into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-52, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CSMALL GROUP LIMITED AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Introduction

We report on the historical financial information of CSMall Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages I-3 to I-52, which comprises the consolidated statements of financial position of the Group as at 31 December 2014, 2015 and 2016 and 31 October 2017, the statement of financial position of the Company as at 31 October 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2016 and the ten months ended 31 October 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-52 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 February 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2014, 2015 and 2016 and 31 October 2017, of the Company's financial position as at 31 October 2017, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the ten months ended 31 October 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 9 to the Historical Financial Information which states that no dividends have been paid or declared by the Company or any of its subsidiaries in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 February 2018

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all amounts are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Ten months ended 31 October	
	NOTES	2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	5	291,218	835,345	2,465,291	1,819,689	3,154,421
Cost of sales		(219,408)	(735,866)	(2,315,776)	(1,698,945)	(2,969,164)
Gross profit		71,810	99,479	149,515	120,744	185,257
Other income, gains and losses	6	300	1,518	6,147	5,780	1,517
Selling and distribution expenses		(10,827)	(27,998)	(43,398)	(32,984)	(35,685)
Administrative expenses		(13,480)	(31,548)	(44,136)	(32,335)	(39,502)
Share of results of associates		(400)	400	350	350	(18)
Listing expenses		—	—	(3,802)	—	(16,608)
Profit before tax		47,403	41,851	64,676	61,555	94,961
Income tax expense	7	(9,894)	(8,897)	(14,412)	(11,428)	(27,319)
Profit for the year/period*	8	37,509	32,954	50,264	50,127	67,642
Other comprehensive (expense) income						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		—	(9)	33	25	(16)
Total comprehensive income for the year/period		37,509	32,945	50,297	50,152	67,626
Profit (loss) for the year/period attributable to:						
Owners of the Company		37,509	32,956	50,264	50,127	68,006
Non-controlling interests		—	(2)	—	—	(364)
		37,509	32,954	50,264	50,127	67,642
Total comprehensive income (expense) for the year/period attributable to:						
Owners of the Company		37,509	32,947	50,297	50,152	67,990
Non-controlling interests		—	(2)	—	—	(364)
		37,509	32,945	50,297	50,152	67,626
Basic earnings per share (RMB)	11	0.08	0.07	0.09	0.09	0.08

* Reconciliation of the reportable segment profit (i.e. profit from the Listing Segment which operates the Listing Business (as defined in Note 1)) as extracted from the disclosure of segment information in accordance with IFRS 8 as set out in Note 5 to the Group's profit for the year/period is presented below for reference purpose.

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Listing Segment profit for the year/period	**9,667**	**21,454**	**48,060**	**47,923**	**67,642**
Adjustments to cost of silver ingots (Note)	32,756	13,457	2,938	2,938	—
Adjustments to income tax expense (Note)	(4,914)	(1,957)	(734)	(734)	—
Profit for the year/period	37,509	32,954	50,264	50,127	67,642

Note:

As detailed and defined in Note 1, during the Relevant Period, the Listing Business was mainly carried out through 江西龍天勇有色金屬有限公司 ("Longtianyong"), whose principal business is the production and sales of silver ingots and other non-ferrous metals in the People's Republic of China (the "PRC"). During the Relevant Period, Longtianyong had used some of the silver ingots it produced to manufacture silver and jewellery products through external original equipment manufacturing ("OEM") contractors which it subsequently sold to a subsidiary of the Company, as such, the cost of silver ingots used for manufacturing silver and jewellery products was recorded by the Group at its historical cost of production incurred by Longtianyong in accordance with IFRSs. However, as detailed in Note 5, when the chief operating decision maker (the "CODM") assesses the performance of the Listing Segment, the CODM has accounted for the cost of silver ingots with reference to the published market price of silver ingots at Shanghai White Platinum & Silver Exchange (上海華通鉑銀交易市場有限公司) ("Shanghai Huatong") at the respective dates of transfer of silver ingots to external OEM contractors (the "Selected Reference Price").

In the opinion of the directors of the Company, the Listing Segment profit for the year/period illustrates the historical performance of the current Listing Business which acquires the silver ingots at the prevailing market rates for further processing.

The reconciliation of the Listing Segment profit to the Group's profit for the year/period includes adjustments which represented the difference between the historical cost of production incurred by Longtianyong in accordance with IFRSs and the Selected Reference Price, and the corresponding effect on income tax expense.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

THE GROUP

		As at 31 December			As at 31 October
	NOTES	2014	2015	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	12	6,933	12,688	7,767	10,018
Intangible assets	13	498	2,508	3,840	4,303
Interests in associates	14	200	40,600	—	—
Deposit paid on acquisition of property, plant and equipment		—	—	—	770
		7,631	55,796	11,607	15,091
Current assets					
Inventories	16	33,751	62,711	343,989	209,130
Trade and other receivables	17	51,190	156,205	126,392	68,923
Amount due from immediate holding company	18	—	324	348	332
Amounts due from fellow subsidiaries	18	10	276,316	34,303	—
Amount due from an associate	14	—	39,610	—	—
Amount due from a related company	18	—	—	—	30
Bank balances and cash	19	2,163	5,118	124,901	494,249
		87,114	540,284	629,933	772,664
Current liabilities					
Trade and other payables	20	7,305	73,445	50,918	91,928
Amount due to immediate holding company	18	34,816	203,216	364,908	372,844
Amounts due to fellow subsidiaries	18	35,462	192,284	477	4,018
Amount due to a related company	18	—	—	—	733
Income tax payable		102	—	3,883	5,340
		77,685	468,945	420,186	474,863
Net current assets		9,429	71,339	209,747	297,801
Net assets		17,060	127,135	221,354	312,892
Capital and reserves					
Share capital/paid-in capital	21	50,008	120,332	516	572
Reserves		(32,948)	(41,795)	172,240	312,320
Equity attributable to owners of the Company		17,060	78,537	172,756	312,892
Non-controlling interests		—	48,598	48,598	—
Total equity		17,060	127,135	221,354	312,892

STATEMENT OF FINANCIAL POSITION

THE COMPANY

	NOTES	As at 31 October 2017
		RMB'000
Non-current asset		
Investment in a subsidiary	15	233,534
Current assets		
Deferred and prepaid listing expenses		6,583
Amount due from a subsidiary	18	3,290
		9,873
Current liabilities		
Accrued listing expenses		15,167
Amount due to immediate holding company	18	511
Amount due to a fellow subsidiary	18	364
Amount due to a subsidiary	18	10,399
		26,441
Net current liabilities		(16,568)
Total assets less current liabilities		216,966
Capital and reserves		
Share capital	21	572
Reserves	22	216,394
Total equity attributable to owners of the Company		216,966

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital/ paid-in capital	Share premium	Contribution reserve	Capital reserve	Other reserve	Statutory reserve	Exchange reserve	Accumulated losses/ retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000 (Note iii)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	8	—	2,739	—	—	—	—	(1,152)	1,595	—	1,595
Profit and total comprehensive income for the year	—	—	—	—	—	—	—	37,509	37,509	—	37,509
Capital contribution from China Silver Group (Note 21)	50,000	—	—	126	—	—	—	—	50,126	—	50,126
Net return to Longtianyong and FY Silver (Note i)	—	—	(16,412)	—	—	—	—	(55,758)	(72,170)	—	(72,170)
At 31 December 2014	50,008	—	(13,673)	126	—	—	—	(19,401)	17,060	—	17,060
Profit (loss) for the year	—	—	—	—	—	—	—	32,956	32,956	(2)	32,954
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(9)	—	(9)	—	(9)
Total comprehensive (expense) income for the year	—	—	—	—	—	—	(9)	32,956	32,947	(2)	32,945
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	48,600	48,600
Net contribution from (return to) Longtianyong and FY Silver (Note i)	—	—	7,924	—	—	—	—	(49,718)	(41,794)	—	(41,794)
Capital contribution from China Silver Group (Note 21)	70,324	—	—	—	—	—	—	—	70,324	—	70,324
Transfer	—	—	—	—	—	2	—	(2)	—	—	—
At 31 December 2015	120,332	—	(5,749)	126	—	2	(9)	(36,165)	78,537	48,598	127,135
Profit for the year	—	—	—	—	—	—	—	50,264	50,264	—	50,264
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	33	—	33	—	33
Total comprehensive income for the year	—	—	—	—	—	—	33	50,264	50,297	—	50,297
Arising from the Reorganisation (Note iv)	(120,332)	—	—	(126)	—	—	—	—	(120,458)	—	(120,458)
Issue of shares	516	—	—	—	161,994	—	—	—	162,510	—	162,510
Deemed contribution (Note 25(h))	—	—	3,009	—	—	—	—	—	3,009	—	3,009
Net contribution from (return to) Longtianyong and FY Silver (Note i)	—	—	5,973	—	—	—	—	(6,359)	(386)	—	(386)
Loss on disposal of an associate (Note 14)	—	—	(753)	—	—	—	—	—	(753)	—	(753)
Transfer	—	—	—	—	—	3,688	—	(3,688)	—	—	—
At 31 December 2016	516	—	2,480	—	161,994	3,690	24	4,052	172,756	48,598	221,354

	Attributable to owners of the Company										
	Share capital/ paid-in capital	Share premium	Contribution reserve	Capital reserve	Other reserve	Statutory reserve	Exchange reserve	Accumulated losses/ retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000 (Note iii)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit (loss) for the period	—	—	—	—	—	—	—	68,006	68,006	(364)	67,642
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(16)	—	(16)	—	(16)
Total comprehensive (expense) income for the period	—	—	—	—	—	—	(16)	68,006	67,990	(364)	67,626
Issue of shares	399	—	—	—	72,560	—	—	—	72,959	—	72,959
Arising from the Reorganisation (Note v)	(343)	232,962	—	—	(232,619)	—	—	—	—	—	—
Net return to Longtianyong and FY Silver (Note i)	—	—	—	—	—	—	—	(813)	(813)	—	(813)
Termination of a structured entity (Note 25(b))	—	—	—	—	—	—	—	—	—	(48,234)	(48,234)
At 31 October 2017	572	232,962	2,480	—	1,935	3,690	8	71,245	312,892	—	312,892
Unaudited											
At 1 January 2016	120,332	—	(5,749)	126	—	2	(9)	(36,165)	78,537	48,598	127,135
Profit for the period	—	—	—	—	—	—	—	50,127	50,127	—	50,127
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	25	—	25	—	25
Total comprehensive income for the period	—	—	—	—	—	—	25	50,127	50,152	—	50,152
Arising from the Reorganisation (Note iv)	(120,332)	—	—	(126)	—	—	—	—	(120,458)	—	(120,458)
Issue of shares	474	—	—	—	85,566	—	—	—	86,040	—	86,040
Deemed contribution (Note 25(h))	—	—	3,009	—	—	—	—	—	3,009	—	3,009
Net contribution from (return to) Longtianyong and FY Silver (Note i)	—	—	5,749	—	—	—	—	(6,710)	(961)	—	(961)
Loss on disposal of an associate (Note 14)	—	—	(753)	—	—	—	—	—	(753)	—	(753)
At 31 October 2016	474	—	2,256	—	85,566	2	16	7,252	95,566	48,598	144,164

Notes:

(i) The net contribution from/return to Longtianyong and 浙江富銀白銀有限公司 ("FY Silver") represents the funding and assets provided by/transferred to Longtianyong and FY Silver to the Listing Business prior to the Reorganisation (as defined in Note 1).

(ii) The capital reserve represents the exchange difference arising from the capital injection by China Silver Group to 深圳國銀通寶有限公司 ("Shenzhen Guoyintongbao").

(iii) According to the relevant laws of the PRC, the Group's subsidiaries established in the PRC have to transfer a portion of their profits after taxation to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The reserve can be applied either to set off accumulated losses or to increase capital.

(iv) Amount represents the transfer of nominal value of share capital/paid-in capital of the subsidiaries acquired by CSMall Group BVI upon the Reorganisation as defined and detailed in Note 1.

(v) Amount represents the transfer of share capital of the CSMall Group BVI to the Company pursuant to the Reorganisation as detailed in Note 1.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Prior to the Reorganisation as detailed and defined in Note 1, the New Jewellery Retail Business Units were operated under Longtianyong and FY Silver and no separate bank accounts were maintained by the New Jewellery Retail Business Units. The treasury and cash disbursement functions of the New Jewellery Retail Business Units were centrally administrated under Longtianyong and FY Silver. The net cash flows generated by the New Jewellery Retail Business Units were kept in the bank accounts of Longtianyong and FY Silver. Accordingly, the funds provided for or withdrawn from Longtianyong and FY Silver were presented as movements in the equity while there are no cash and cash equivalents balance for the New Jewellery Retail Business Units and there were no cash received/paid directly by the Group in connection with its operating, investing and financing activities.

For the purpose of presenting a completed set of financial information of the Group, the following comprises the information of cash inflow/outflow of the Group and the New Jewellery Retail Business Units received/paid by Longtianyong and FY Silver prior to the Reorganisation.

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
OPERATING ACTIVITIES					
Profit before tax	47,403	41,851	64,676	61,555	94,961
Adjustments for:					
Depreciation of property, plant and equipment	369	1,557	2,136	1,767	1,962
Amortisation of intangible assets	—	538	1,089	1,040	2,245
Bank interest income	(4)	(2)	(240)	(113)	(865)
Share of results of associates	400	(400)	(350)	(350)	18
Gain on disposal of an associate	—	—	—	—	(18)
Gain on termination of a structured entity (Note 25(b))	—	—	—	—	(3,656)
Operating cash flows before movements in working capital	48,168	43,544	67,311	63,899	94,647
(Increase) decrease in inventories	(33,751)	(28,960)	(281,278)	(162,413)	134,859
(Increase) decrease in trade and other receivables	(50,574)	(105,015)	29,813	(370)	18,407
Increase (decrease) in trade and other payables	3,599	61,904	(29,691)	132,135	55,281
(Increase) decrease in amount due from a fellow subsidiary	—	—	(34,303)	(161,597)	34,303
Cash (used in) generated from operations	(32,558)	(28,527)	(248,148)	(128,346)	337,497
Income tax paid	(9,792)	(8,999)	(10,529)	(10,529)	(26,675)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(42,350)	(37,526)	(258,677)	(138,875)	310,822
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(2,620)	(7,312)	(1,321)	(1,301)	(4,213)
Acquisition of an associate	(600)	(40,000)	—	—	(600)
Purchase of intangible assets	(498)	(2,548)	(2,421)	(1,709)	(11,788)
Advance to fellow subsidiaries	(10)	(276,439)	(154,848)	(115,711)	—
Advance to a related company	—	—	—	—	(30)

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Advance to) repayment from an associate	—	(39,610)	39,610	39,610	—
Advance to immediate holding company	—	(324)	(348)	(340)	—
Repayment from fellow subsidiaries	—	133	434,047	400,352	—
Proceeds from disposals of associates	—	—	40,197	40,197	—
Repayment from immediate holding company	—	—	324	324	16
Interest received	4	2	240	113	865
Repayment from a related company	—	—	—	—	4,446
Proceeds from termination of a structured entity (Note 25(b))	—	—	—	—	947
Proceeds from disposal of an associate	—	—	—	—	600
Deposit paid on acquisition of property, plant and equipment	—	—	—	—	(770)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(3,724)	(366,098)	355,480	361,535	(10,527)
FINANCING ACTIVITIES					
Capital contribution to subsidiaries	50,126	70,324	—	—	—
Advance from fellow subsidiaries	37,132	185,903	317	3	6,945
Advance from immediate holding company	34,816	168,400	43,932	40,640	12,957
Advance from a related company	—	—	—	—	59,272
Capital contribution from non-controlling interests	—	48,600	—	—	—
Advance from a non-controlling shareholder of a subsidiary	—	4,236	—	—	—
Proceeds from issue of shares	—	—	162,510	86,040	65,795
Proceeds from receipt in advance for issue of shares	—	—	7,164	—	—
Repayment to fellow subsidiaries	(1,670)	(29,081)	(192,124)	(192,124)	(2,994)
Repayment to immediate holding company	—	—	(2,572)	(881)	(5,021)
Repayment to a related company	—	—	—	—	(63,649)
Repayment to a non-controlling shareholder of a subsidiary	—	—	—	—	(4,236)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	120,404	448,382	19,227	(65,322)	69,069
NET INCREASE IN CASH AND CASH EQUIVALENTS	74,330	44,758	116,030	156,338	369,364
Net (return to) contribution from Longtianyong and FY Silver	(72,170)	(41,794)	3,720	3,145	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	3	2,163	5,118	5,118	124,901
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	—	(9)	33	25	(16)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	2,163	5,118	124,901	164,626	494,249

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL, GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

General

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 19 January 2017. The address of the Company's registered office and the principal place of business is disclosed in the section "Corporate Information" in the Prospectus.

The Company is an investment holding company. The Company and its subsidiaries now comprising the Group operate the business of design and sale of gold, silver and jewellery products in the PRC (the "Listing Business").

The immediate and ultimate holding company is China Silver Group, a public limited company incorporated in the Cayman Islands with its shares listed on the Stock Exchange.

The Historical Financial Information is presented in RMB, which is the same as the functional currency of the Company.

Group reorganisation and basis of preparation and presentation of Historical Financial Information

The Historical Financial Information has been prepared based on the accounting policies set out in Note 3 which conform with IFRSs and the conventions applicable for group reorganisation.

The businesses of Longtianyong and FY Silver that formed a part of the Listing Business during the Track Record Period

During each of the two years ended 31 December 2014 and 2015 and the first three months of the year ended 31 December 2016 (the "Relevant Period"), China Silver Group operated the Listing Business through its wholly owned subsidiaries, including subsidiaries of the Company as well as through Longtianyong and FY Silver.

Longtianyong is a key operating subsidiary of China Silver Group whose primary business is the production and sales of silver ingots and other non-ferrous metals in the PRC (the "Silver Ingot Manufacturing and Sales Business Unit"). During the Relevant Period, Longtianyong had used some of the silver ingots it produced to manufacture the silver and jewellery products through external OEM contractors which it subsequently sold to Shenzhen Guoyintongbao, which further sold such products to external customers. Longtianyong also sold silver and jewellery products to external customers. These activities formed a part of the Listing Business.

During the Relevant Period, FY Silver purchased silver and jewellery products from Shenzhen Guoyintongbao for sale to external customers and these activities also formed a part of the Listing Business.

The operations of Longtianyong and FY Silver described above that formed a part of the Listing Business are collectively defined as the "New Jewellery Retail Business Units".

Since April 2016, Longtianyong had ceased to produce silver products through external OEM contractors using silver ingots it produced. Instead, it sold silver ingots to 江西吉銀實業有限公司 ("Jiangxi Jiyin"), a subsidiary of the Company, which arranges external OEM contractors to apply the silver ingots sourced from Longtianyong to manufacture the silver as well as jewellery products that are then sold by Shenzhen Guoyintongbao to external customers. FY Silver ceased its business of selling silver and jewellery products in September 2016 and since then, all sales of silver and jewellery products are conducted by the Company and its subsidiaries. Neither Longtianyong nor FY Silver are members of the Group and they remain wholly-owned by China Silver Group.

Group reorganisation

The existing entities of the Group engaged in the Listing Business and the New Jewellery Retail Business Units that formed a part of the Listing Business have been under the common control of China Silver Group throughout the Track Record Period. In preparation for listing of the Company's shares on the Stock Exchange, the Group underwent a series of reorganisation to transfer the Listing Business to the Company (the "Reorganisation"), principally through the steps as detailed below.

(i) On 24 December 2015, CSMall Holdings Limited ("CSMall Holdings BVI") was incorporated in the British Virgin Islands (the "BVI") with limited liability and was directly wholly owned by China Silver Group.

(ii) On 22 February 2016, CSMall Group Limited ("CSMall Group BVI") was incorporated in the BVI with limited liability and was directly wholly owned by China Silver Group.

(iii) On 26 February 2016, CSMall Holdings BVI acquired the entire share capital of China Silver Jewellery Group Limited ("China Silver Jewellery") at a cash consideration of Hong Kong dollar ("HK$") 10,000 from China Silver Group;

(iv) On 4 March 2016, CSMall Group BVI acquired the entire share capital of CSMall Holdings BVI from China Silver Group at a cash consideration of United States dollar ("US$") 50,000;

(v) On 27 April 2016, China Silver Jewellery acquired the entire 100% equity interest of Shenzhen Guoyintongbao from China Silver Group at a cash consideration of RMB120 million.

The Reorganisation involved the incorporation of the Company and was completed by interspersing the Company between China Silver Group and CSMall Group BVI on 16 February 2017 and CSMall Group BVI distributed its entire shareholding in CSMall Holdings BVI to the Company by way of a distribution in specie on 16 February 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The New Jewellery Retail Business Units have been under the common control of China Silver Group throughout the Track Record Period, which for the purpose of presenting the financial positions, financial results and cash flows of the Group in this report, the New Jewellery Retail Business Units are deemed to be part of the Group throughout the Track Record Period. Accordingly, the Historical Financial Information of the Group has been prepared on the basis as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the three years ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016 include the results, changes in equity and cash flows of the New Jewellery Retail Business Units and the existing entities comprising the Group as if the Listing Business including that previously under the New Jewellery Retail Business Units had been operated by the Group throughout the Track Record Period.

The consolidated statements of financial position of the Group as at 31 December 2014, 2015 and 2016 have been prepared to present the assets and liabilities of the Listing Business, as if the current group structure had been in existence and the New Jewellery Retail Business Units had been with the Group on 31 December 2014, 2015 and 2016.

The New Jewellery Retail Business Units were carried out by Longtianyong and FY Silver until April 2016 and September 2016, respectively, which then carried out by Jiangxi Jiyin and Shenzhen Guoyintongbao, respectively, in the Group. To the extent the assets, liabilities, income and expenses of the New Jewellery Retail Business Units that are specifically identified to the Listing Business, such items are included in the Historical Financial Information throughout the Track Record Period. To the extent the assets, liabilities, income and expenses that are common to the New Jewellery Retail Business Units and the Silver Ingot Manufacturing and Sales Business Unit of Longtianyong, these items are allocated between these two units on the basis set out below (such items include certain administrative expenses and income tax expense). Items that do not meet the criteria above are not included in the Historical Financial Information.

Expenses which are common to the New Jewellery Retail Business Units and the Silver Ingot Manufacturing and Sales Business Unit of Longtianyong are allocated on the following basis: (1) included in administrative expenses of approximately RMB1,836,000, RMB2,891,000, RMB1,837,000, RMB1,837,000 (unaudited) and Nil for each of the three years ended 31 December 2016 and the ten months ended 31 October 2016 and 2017 respectively, representing partial staff costs which were allocated based on headcount of the New Jewellery Retail Business Units and the headcount of the Silver Ingot Manufacturing and Sales Business Unit; and (2) income tax expense was calculated based on the tax rate of the New Jewellery Retail Business Units as if they were separate tax payers.

The directors of the Company believe that the method of allocation of the above items presents a reasonable basis of estimating what the New Jewellery Retail Business Units operating results would have been on a stand-alone basis for the Track Record Period. Other than certain of the administrative expenses and income tax expense mentioned above, all other items of the assets, liabilities, income and expenses are specifically identified.

Prior to the completion of the Reorganisation, the treasury and cash disbursement functions of the New Jewellery Retail Business Units were centrally administrated by Longtianyong and FY Silver. All the transactions of the New Jewellery Retail Business Units were settled by Longtianyong and FY Silver and therefore, the net cash flows generated by such units were presented as net contribution from/return to Longtianyong and FY Silver in the consolidated statements of changes in equity.

2. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied all IFRSs issued by IASB which are effective for the accounting periods beginning on 1 January 2017 throughout the Track Record Period.

At the date of this report, the IASB has issued the following new and amendments to IFRSs that are not yet effective. The Group has not early adopted these new and amendments to IFRSs.

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle[1]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs Standards 2015-2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

[3] Effective for annual periods beginning on or after a date to be determined

[4] Effective for annual periods beginning on or after 1 January 2021

IFRS 9 "Financial Instruments"

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Application of IFRS 9 in the future will have an impact to the Group as the expected credit loss model will result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, the directors of the Company consider the impact of early provision of credit losses (if any in future) will not be significantly affecting the financial performance and financial position of the Group based on analysis of the Group's existing business model.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principals versus agent considerations, as well as licensing application guidance.

Based on the preliminary analysis, the directors of the Company anticipate that the application of IFRS 15 in the future will result in more disclosures but will not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods and hence, the financial performance and financial position of the Group.

IFRS 16 "Leases"

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Under IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 "Leases", and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 October 2017, the Group had non-cancellable operating lease commitments of RMB15,960,000, as disclosed in Note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The directors of the Company anticipate that the application of IFRS 16 would not have significant impact on the financial position and performance of the Group comparing with IAS 17 currently adopted by the Group. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

The directors anticipate that the application of the other new and amendments to IFRSs upon their respective effective date will have no material impact on the Group's future consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the consolidated entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the consolidated entities or businesses first came under the control of the controlling party.

The net assets of the consolidated entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the consolidated entities or businesses from the earliest date presented or since the date when the consolidated entities or businesses first came under the common control, where this is a shorter period.

Investment in a subsidiary

Investment in a subsidiary is stated at cost less accumulated impairment losses, if any.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. Under the equity method, an interest in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers returns, rebates, sales tax and other similar allowance.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Service income is recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Deferred revenue

Receipts in advance from gift credits, where the relevant goods have not been delivered and titles have not been passed, are deferred and recognised as deferred revenue in the consolidated statements of financial position, and are recognised as revenue when the relevant goods are delivered and titles have passed as described in the above accounting policy for revenue from the sale of goods.

Deferred revenue in relation to the unused gift credits is recognised as revenue generated from the course of the ordinary activities of the Group upon the contractual expiry date of the relevant credit packages.

Gift credits granted to customers as part of a sales transaction are to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the gift credits and the other components of the sale. The amount allocated to the gift credits is determined by reference to their fair value and taking into account the proportion of gift credits that are not expected to be redeemed by customers, and is deferred until the credits are redeemed or the liability is otherwise extinguished.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply of goods, or for administrative purposes are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Retirement benefits costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group's contribution to the defined contribution retirement schemes are expensed as incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before tax" as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from immediate holding company, amounts due from fellow subsidiaries, amount due from an associate, amount due from a related company, amount due from a subsidiary and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period ranging from 0 to 60 days and observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by the group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities (including trade and other payables, accrued listing expenses, amount due to immediate holding company, amounts due to fellow subsidiaries and amount due to a related company) and the Company's financial liabilities (including accrued listing expenses, amount due to immediate holding company, amount due to a fellow subsidiary and amount due to a subsidiary) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment of tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Consolidation of a structured entity

PRC laws and regulations limit foreign ownership for enterprises engaging in value-added telecommunication business, the Group operates its own online sales platform by means of setting up a Structured Entity (as defined in Note 25(b)) through entering into Contractual Agreements (as defined in Note 25(b)).

The directors of the Company assessed whether or not the Group has control over the Structured Entity based on whether or not the Group has power to direct the relevant activities of Structured Entity unilaterally, rights to variable returns from its involvement, and has the ability to use its power to affect its returns. In making their judgement, the directors of the Company considered the terms of the Contractual Agreements as detailed in Note 25(b).

The directors of the Company, after consulting their legal counsel, are of the view that the terms of the Contractual Arrangements have in substance enabled the Group to exercise full control over and enjoy all economic benefits of the Structured Entity, despite the absence of formal legal equity interest held by the Group therein. Accordingly, the Structured Entity is accounted for as a consolidated structured entity of the Group.

In the opinion of the directors of the Company, with reference to opinion of legal counsel, the Contractual Arrangements are in compliance with existing PRC laws and regulations, valid, binding and enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material respects. However, uncertainties in the PRC legal system could cause the Group's current contractual arrangement structure to be found in violation of any existing and/or future PRC laws or regulations and could limit the Company's ability to enforce its rights under the Contractual Arrangements.

In August 2017, the Group lost the control over the Structured Entity following the termination of the Contractual Arrangements as detailed in Note 25(b).

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets in the future.

Allowance for inventories

Inventories are valued at the lower of cost and net realisable value. The Group regularly reviews its inventory levels in order to identify slow-moving inventories. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group estimates the amount of write-down of inventories as allowance for inventories. As at 31 December 2014, 2015 and 2016 and 31 October 2017, the carrying amounts of inventories were RMB33,751,000, RMB62,711,000, RMB343,989,000 and RMB209,130,000, respectively.

Estimated allowance for trade receivables

Management regularly reviews the recoverability of trade receivables. Allowance for these receivables is made based on evaluation of collectability and on management's judgment by reference to the estimation of the future cash flows discounted at an effective interest rate to calculate the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these debtors, including their current creditworthiness. If the actual future cash flows were less than expected, allowance may be required. As at 31 December 2014, 2015 and 2016 and 31 October 2017, the carrying amounts of trade receivables were RMB33,599,000, RMB123,487,000, RMB56,761,000 and RMB35,074,000, respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivables for gold, silver and jewellery products sold by the Group to external customers, less discounts. An analysis of the Group's revenue during the Track Record Period is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Gold products	56,748	421,632	1,936,495	1,392,563	2,550,605
Silver products	228,483	392,859	503,303	407,117	423,344
Gem-set and other jewellery products	5,987	20,854	25,493	20,009	180,472
	291,218	835,345	2,465,291	1,819,689	3,154,421

The Group only has one operating and reportable segment, i.e. the Listing Segment which operates the Listing Business, during the Track Record Period. For the purposes of resource allocation and performance assessment, the senior management of the Group, being the CODM, reviews the below segment revenue and results prepared based on the same set of accounting policies as set out in Note 3.

As detailed in Note 1, during the Relevant Period, Longtianyong had used some of the silver ingots it produced to manufacture silver and jewellery products through external OEM contractors which it subsequently sold to Shenzhen Guoyintongbao, which further sold such products to external customers. Longtianyong also sold silver and jewellery products to external customers directly. With respect to these businesses conducted by Longtianyong during the Relevant Period, the cost of silver ingots used for manufacturing silver and jewellery products was recorded at its historical cost of production in accordance with IFRSs. However, when the CODM assesses the performance of the Listing Segment, the CODM has accounted for the cost of silver ingots with reference to the Selected Reference Price.

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Listing Segment revenue - external sales	291,218	835,345	2,465,291	1,819,689	3,154,421
Cost of sales	(252,164)	(749,323)	(2,318,714)	(1,701,883)	(2,969,164)
Gross profit	39,054	86,022	146,577	117,806	185,257
Other income, gains and losses	300	1,518	6,147	5,780	1,517
Selling and distribution expenses	(10,827)	(27,998)	(43,398)	(32,984)	(35,685)
Administrative expenses	(13,480)	(31,548)	(44,136)	(32,335)	(39,502)
Share of results of associates	(400)	400	350	350	(18)
Listing expenses	—	—	(3,802)	—	(16,608)
Listing Segment profit before tax	14,647	28,394	61,738	58,617	94,961
Income tax expense	(4,980)	(6,940)	(13,678)	(10,694)	(27,319)
Listing Segment profit for the year/period	9,667	21,454	48,060	47,923	67,642

Reconciliation of the Group's reportable segment profit to the profit for the year/period:

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Listing Segment profit for the year/period	**9,667**	**21,454**	**48,060**	**47,923**	**67,642**
Adjustments to cost of silver ingots (Note)	32,756	13,457	2,938	2,938	—
Adjustments to income tax expense (Note)	(4,914)	(1,957)	(734)	(734)	—
Profit for the year/period	37,509	32,954	50,264	50,127	67,642

Note:

The adjustments represented the difference between the historical cost of production incurred by Longtianyong in accordance with IFRSs and the Selected Reference Price as reconciled below, and the corresponding effect on income tax expense.

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Longtianyong's cost of silver ingots at the Selected Reference Price	173,655	312,080	44,688	44,688	N/A
Adjustments to cost of silver ingots	(32,756)	(13,457)	(2,938)	(2,938)	N/A
Longtianyong's cost of silver ingots at its historical cost of production	140,899	298,623	41,750	41,750	N/A

As no discrete financial information in respect of the Group's assets and liabilities is provided to the CODM, no segment assets and liabilities information is presented accordingly, other than entity-wide disclosures disclosed below.

Geographical information

The Group's revenue is derived from the PRC, based on the location of customers, and all of its non-current assets are located in the PRC, based on the geographical location of assets. Therefore, no geographical information is presented.

Information about major customers

Revenue from customers during the Track Record Period individually contributing over 10% of the Group's total revenue is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Customer A	56,134	191,630	N/A#	N/A#	N/A#
Customer B	54,075	N/A#	N/A#	N/A#	N/A#
Customer C	29,276	N/A#	N/A#	N/A#	N/A#
Customer D	N/A#	85,943	N/A#	N/A#	N/A#
Customer E	N/A#	N/A#	N/A#	N/A#	1,488,385

The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year/period.

6. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Service income in respect of software system and development	—	—	3,594	3,594	—
Government grant (Note)	—	—	2,001	1,551	432
Bank interest income	4	2	240	113	865
Gain on disposal of an associate	—	—	—	—	18
Gain on termination of a structured entity (Note 25(b))	—	—	—	—	3,656
Net exchange gain (loss)	296	1,516	22	196	(3,454)
Others	—	—	290	326	—
	300	1,518	6,147	5,780	1,517

Note: Government grant was received from the local government of the PRC as incentive for foreign capital injection by the Group. There is no specified condition attached to the grant.

7. INCOME TAX EXPENSE

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
PRC Enterprise Income Tax ("EIT")					
- current year/period	9,894	8,795	14,412	11,428	28,132
- under(over)provision in respect of prior years	—	102	—	—	(813)
	9,894	8,897	14,412	11,428	27,319

The Group had no assessable profit subject to tax in any jurisdictions other than the PRC during the Track Record Period.

Under the Law of the PRC on EIT (the "EIT Law") and its related implementation regulations, the Group's PRC subsidiaries and the New Jewellery Business Units are subject to PRC EIT at the statutory rate of 25% during the Track Record Period, except that Longtianyong was recognised as a High and New Technology Enterprise by the PRC tax authorities on 25 March 2014 such that it was entitled to a concessionary tax rate of 15% for three consecutive years beginning from the year of 2013 to 2015 and was subject to review once every three years. For the year ended 31 December 2016, Longtianyong has adopted 25% as the tax rate as it had applied for the renewal but the review had not been completed. During the ten months ended 31 October 2017, the review has been completed such that Longtianyong was entitled to a concessionary tax rate of 15% for three consecutive years beginning from the year of 2016 and therefore an overprovision of RMB813,000 has been recognised during the ten months ended 31 October 2017.

The PRC EIT of the Listing Business carried out by Longtianyong and FY Silver is estimated by treating the New Jewellery Retail Business Units as a separate tax payer using the tax rate of these companies prior to the Reorganisation.

The tax charge for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before tax	47,403	41,851	64,676	61,555	94,961
Tax at the domestic income tax rate of 25%	11,851	10,463	16,169	15,389	23,740
Tax effect of expenses not deductible for tax purpose	683	549	4,004	144	5,187
Tax effect of share of results of associates	100	(100)	(88)	(88)	5
Tax effect of concessionary tax rate granted	(6,528)	(5,760)	—	—	—
Tax effect of tax loss not recognised	3,788	3,643	—	—	1,231
Utilisation of tax loss previously not recognised	—	—	(5,673)	(4,017)	(2,031)
Under(over) provision in respect of prior years/periods	—	102	—	—	(813)
Tax charge for the year/period	9,894	8,897	14,412	11,428	27,319

As at 31 December 2014, 2015 and 2016 and 31 October 2017, the Group had unused tax losses of RMB16,241,000, RMB30,816,000, RMB8,124,000 and RMB4,924,000, respectively, that are available to offset against future profits and will expire in various dates in the next five years, respectively. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

Under the EIT Law, withholding tax is imposed on dividends payable to non-PRC shareholders which is declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the Historical Financial Information in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB305,000, Nil, RMB33,514,000 and RMB108,579,000 as at 31 December 2014, 2015 and 2016 and 31 October 2017 respectively as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit for the year/period has been arrived at after charging:					
Directors' remuneration (Note 10)	1,179	1,185	934	763	781
Other staff costs:					
Salaries and other allowances	8,422	20,962	26,433	21,580	25,694
Retirement benefits scheme contributions	840	1,723	1,960	1,385	3,345
Total staff costs	10,441	23,870	29,327	23,728	29,820
Auditor's remuneration	—	—	—	—	—
Amortisation of intangible assets (included in selling and distribution expenses)	—	538	1,089	1,040	2,245
Cost of inventories recognised as an expense	219,408	735,866	2,315,776	1,698,945	2,969,164
Depreciation of property, plant and equipment	369	1,557	2,136	1,767	1,962
Operating lease rental in respect of offices and warehouses	3,499	5,158	6,839	4,641	5,261

9. DIVIDEND

No dividends were paid or declared by the Company since its incorporation or by any of its subsidiaries in respect of the Track Record Period.

10. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

(a) Executive directors

Details of the emoluments paid or payable to the directors of subsidiaries and the senior management of subsidiaries, who were subsequently appointed as the directors of the Company, during the Track Record Period were as follows:

	Directors' fees	Salaries and other allowances	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2014				
Mr. Chen He	—	391	11	402
Mr. Zhang Jinpeng	—	622	13	635
Mr. Qian Pengcheng	—	131	11	142
	—	1,144	35	1,179

	Directors' fees	Salaries and other allowances	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2015				
Mr. Chen He	—	391	13	404
Mr. Zhang Jinpeng	—	622	15	637
Mr. Qian Pengcheng	—	131	13	144
	—	1,144	41	1,185

	Directors' fees	Salaries and other allowances	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2016				
Mr. Chen He	—	120	9	129
Mr. Zhang Jinpeng	—	660	16	676
Mr. Qian Pengcheng	—	120	9	129
	—	900	34	934

	Directors' fees	Salaries and other allowances	Retirement benefits scheme contributions	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Ten months ended 31 October 2016				
Mr. Chen He	—	100	5	105
Mr. Zhang Jinpeng	—	547	6	553
Mr. Qian Pengcheng	—	100	5	105
	—	747	16	763

	Directors' fees	Salaries and other allowances	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Ten months ended 31 October 2017				
Mr. Chen He	—	100	9	109
Mr. Zhang Jinpeng	—	557	6	563
Mr. Qian Pengcheng	—	100	9	109
	—	757	24	781

The emoluments of the above directors shown above were for their services as directors and employees in connection with the management of the affairs of the Listing Business now comprising the Group during the Track Record Period.

Mr. Chen He was appointed as an executive director, co-chief executive officer and the chairman of the Company on 8 February 2017. Mr. Zhang Jinpeng was appointed as an executive director and co-chief executive officer of the Company on 8 February 2017. Mr. Qian Pengcheng was appointed as an executive director of the Company on 8 February 2017.

No emoluments were paid or payable during the Track Record Period to Mr. Fu Lui, Mr. Hu Qilin and Mr. Zhang Zuhui, who were appointed as independent non-executive directors of the Company subsequently on 13 February 2018.

(b) Five highest paid employees

The five highest paid individuals of the Group for the year ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017 include 3, 2, 2, 2 (unaudited) and 1 directors, respectively. Details of the emoluments of the remaining 2, 3, 3, 3 (unaudited) and 4 non-director individuals are as follows:

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and other allowances	500	1,195	1,368	1,183	1,134
Retirement benefits scheme contributions	5	32	47	34	76
	505	1,227	1,415	1,217	1,210

The number of these five highest paid non-director individuals whose emoluments fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
				(Unaudited)	
Not exceeding HK$1,000,000	2	3	3	3	4

During the Track Record Period, no emoluments were paid by the Group to any of the directors, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors waived or agreed to waive any emolument during the Track Record Period.

11. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to the owners of the Company and the weighted average number of ordinary shares for the Track Record Period on the assumption that the Reorganisation had been effective on 1 January 2014.

	Year ended 31 December			Ten months ended 31 October	
	2014	2015	2016	2016	2017
				(Unaudited)	
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share (RMB'000)	37,509	32,956	50,264	50,127	68,006
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	500,000	500,000	582,296	550,583	828,137
Basic earnings per share (RMB)	0.08	0.07	0.09	0.09	0.08

No diluted earnings per share for the Track Record Period was presented as there were no potential ordinary shares in issue for the Track Record Period.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Office equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At 1 January 2014	4,597	—	—	86	4,683
Additions	—	—	348	2,272	2,620
At 31 December 2014	4,597	—	348	2,358	7,303
Additions	—	6,150	—	1,162	7,312
At 31 December 2015	4,597	6,150	348	3,520	14,615
Additions	—	—	689	632	1,321
Derecognition (Note)	(4,597)	—	—	—	(4,597)
At 31 December 2016	—	6,150	1,037	4,152	11,339
Additions	—	3,000	905	308	4,213
At 31 October 2017	—	9,150	1,942	4,460	15,552
DEPRECIATION					
At 1 January 2014	—	—	—	1	1
Provided for the year	218	—	28	123	369
At 31 December 2014	218	—	28	124	370
Provided for the year	218	718	66	555	1,557
At 31 December 2015	436	718	94	679	1,927
Provided for the year	55	1,230	131	720	2,136
Eliminated on derecognition	(491)	—	—	—	(491)
At 31 December 2016	—	1,948	225	1,399	3,572
Provided for the period	—	1,075	221	666	1,962
At 31 October 2017	—	3,023	446	2,065	5,534
CARRYING VALUES					
At 31 December 2014	4,379	—	320	2,234	6,933
At 31 December 2015	4,161	5,432	254	2,841	12,688
At 31 December 2016	—	4,202	812	2,753	7,767
At 31 October 2017	—	6,127	1,496	2,395	10,018

The above items of property, plant and equipment, after taking into account their estimated residual value, are depreciated on a straight-line basis, at the following rates per annum:

Buildings	Over 20 years or the term of the relevant land lease, whichever is shorter
Leasehold improvements	20%
Office equipment	20%
Motor vehicles	20%

Note: The amount was derecognised since April 2016 at net book value as the buildings, which were owned by Longtianyong, was no longer used by the Listing Business since April 2016.

13. INTANGIBLE ASSETS

	System software
	RMB'000
COST	
At 1 January 2014	—
Additions	498
At 31 December 2014	498
Additions	2,548
At 31 December 2015	3,046
Additions	2,421
At 31 December 2016	5,467
Additions	11,788
Termination of a structured entity (Note 25(b))	(9,559)
At 31 October 2017	7,696
AMORTISATION	
At 1 January 2014 and 31 December 2014	—
Provided for the year	538
At 31 December 2015	538
Provided for the year	1,089
At 31 December 2016	1,627
Provided for the period	2,245
Eliminated on termination of a structured entity (Note 25(b))	(479)
At 31 October 2017	3,393
CARRYING VALUES	
At 31 December 2014	498
At 31 December 2015	2,508
At 31 December 2016	3,840
At 31 October 2017	4,303

The system software is amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

14. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Interests in associates				
Cost of unlisted investments	600	40,600	—	—
Share of post-acquisition results	(400)	—	—	—
	200	40,600	—	—
Amount due from an associate (Note)	—	39,610	—	—

Note: The amount was unsecured, interest-free and fully repaid during the year ended 31 December 2016.

Details of the Group's associates at the end of each reporting period are as follows:

Name of associate	Place of establishment/ operation	Registered capital	Proportion of nominal value of issued capital held by the Group — As at 31 December 2014	2015	2016	As at 31 October 2017	Principal activities
深圳市大溪地科技有限公司 ("Shenzhen Daxidi") (Note i)	The PRC	RMB6,000,000	30%	30%	N/A	N/A	Inactive
Shanghai Huatong (Note ii)	The PRC	RMB50,000,000	N/A	25%	N/A	N/A	Provision of professional electronic platform, related services for silver trading, and trading of silver ingots
永豐縣通盛小額貸款股份有限公司 ("Tongsheng") (Note iii)	The PRC	RMB100,000,000	N/A	N/A	N/A	N/A	Provision of money lending business

Notes:

(i) During the year ended 31 December 2016, Shenzhen Yinruiji Cultural Development Company Limited ("Shenzhen Yinruiji") disposed of its 30% equity interest in Shenzhen Daxidi to an independent third party at a consideration of RMB197,000 which approximates the carrying amount of the interests in associates. No gain or loss is recognised accordingly.

(ii) 25% equity interest of Shanghai Huatong was acquired from two independent third parties at a total consideration of RMB40 million in July 2015. During the year ended 31 December 2016, Shenzhen Yinruiji disposed of its 25% equity interest in Shanghai Huatong to China Silver Group for a consideration of RMB40 million. Loss on disposal of the associate of RMB753,000 was recognised in the contribution reserve as deemed distribution.

(iii) During the ten months ended 31 October 2017, the Group acquired 20% equity interest in Tongsheng at a consideration of RMB600,000 which has been fully paid by the Group. The principal asset of Tongsheng is the money lending license. Subsequently in August 2017, the Group disposed of its 20% equity interest in Tongsheng to an independent third party at a consideration of RMB600,000. A gain on disposal of an associate of RMB18,000 was recognised in profit or loss.

The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs.

All of the above associates are accounted for using equity method in the Historical Financial Information.

	31.12.2014	31.12.2015		
	Shenzhen Daxidi	Shenzhen Daxidi	Shanghai Huatong	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	2,074	587	87,993	88,580
Non-current assets	73	69	33,934	34,003
Current liabilities	(1,480)	—	(71,376)	(71,376)

	For the year ended 31 December 2014	For the year ended 31 December 2015			For the year ended 31 December 2016			For the ten months ended 31 October 2016			For the ten months ended 31 October 2017
	Shenzhen Daxidi	Shenzhen Daxidi	Shanghai Huatong	Total	Shenzhen Daxidi	Shanghai Huatong	Total	Shenzhen Daxidi	Shanghai Huatong	Total	Tongsheng
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000
Revenue	—	—	158,506	158,506	—	25,349	25,349	—	25,349	25,349	12
(Loss) profit and total comprehensive (expense) income for the year/period	(1,333)	(11)	1,614	1,603	—	1,397	1,397	—	1,397	1,397	(89)

Reconciliation of the above summarised financial information to the carrying amount of the interests in associates recognised in the Historical Financial Information:

	31.12.2014	31.12.2015		
	Shenzhen Daxidi	Shenzhen Daxidi	Shanghai Huatong	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Net assets of the associates	667	656	50,551	51,207
Proportion of the Group's ownership interests in the associates	30%	30%	25%	N/A
Group's share of net assets of associates	200	197	12,638	12,835
Goodwill	—	—	27,765	27,765
Effect of fair value adjustments at acquisition	—	—	—	—
Carrying amount of the Group's interests in the associates	200	197	40,403	40,600

15. INVESTMENT IN A SUBSIDIARY

	As at 31 October 2017
	RMB'000
Unlisted investments, at cost (Note)	233,534

Note: Amount represents the net assets value of CSMall Group BVI at the date of acquisition by the Company pursuant to the Reorganisation as detailed in Note 1.

16. INVENTORIES

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	33,751	62,711	343,989	209,130

17. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	33,599	123,487	56,761	35,074
Deposits and prepayments	17,236	32,112	68,364	20,909
Deferred and prepaid listing expenses	—	—	1,267	6,583
Trade deposits (Note)	355	606	—	6,357
Total trade and other receivables	51,190	156,205	126,392	68,923

Note: The amounts represent trade deposits paid to suppliers.

The Group does not grant any credit period to its retail customers and generally grants its corporate customers a credit period ranging from 0 to 60 days and requires advance deposits from its customers before delivery of goods.

The aged analysis of the Group's trade receivables based on invoice date at the end of each reporting period is as follows:

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
0 - 30 days	33,599	121,313	53,013	33,619
31 - 60 days	—	1,526	3,237	850
61 - 90 days	—	453	511	141
Over 90 days	—	195	—	464
	33,599	123,487	56,761	35,074

Included in the Group's trade receivables amounting to Nil, RMB40,000, RMB3,748,000 and RMB1,455,000 as at 31 December 2014, 2015 and 2016 and 31 October 2017 respectively which are past due at the reporting date for which the Group has not recognised impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience.

Ageing of trade receivables which are past due but not impaired

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
0 - 30 days	—	40	3,237	850
31 - 60 days	—	—	511	141
61 - 90 days	—	—	—	186
Over 90 days	—	—	—	278
	—	40	3,748	1,455

The remaining trade receivables were neither past due nor impaired at the end of the reporting period. These receivables relate to customers that have a good repayment record with the Group. Majority of trade receivables that are neither past due nor impaired have no default payment history.

The Group did not hold any collateral over the above balances. The directors of the Company considered that no impairment loss was necessary in view of the financial background of these customers and their subsequent repayments.

18. AMOUNT(S) DUE FROM (TO) IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/A SUBSIDIARY/A RELATED COMPANY

THE GROUP

At 31 December 2014, 2015 and 2016 and 31 October 2017 included in amounts due from fellow subsidiaries of Nil, Nil, RMB34,303,000 and Nil respectively represented trade deposits paid. The remaining balances of amounts due from/to immediate holding company and fellow subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

In the opinion of the directors of the Company, part of the amount due to immediate holding company as at 31 October 2017 will be settled by allotting and issuing 27,070,010 new shares to China Silver Group upon Listing and the remaining outstanding amount will be capitalised as contribution reserve. All the other outstanding amounts with fellow subsidiaries as at 31 October 2017 will be settled by way of settlement or repayment before Listing.

Amounts due from (to) a related company represent amount due from (to) 江西金貓銀貓支付有限公司 ("Jiangxi CSMall Payment"). Jiangxi CSMall Payment is a wholly owned subsidiary of 深圳銀瑞吉文化發展有限公司 ("Shenzhen Yinruiji"), which is controlled by Mr. Chen He and Mr. Qian Pengcheng, executive directors of the Company, following the termination of the contractual arrangements on 22 August 2017 as detailed in Note 25(b). The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

THE COMPANY

The amount due from a subsidiary, amount due to immediate holding company, amount due to a fellow subsidiary and amount due to a subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

19. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market interest rates ranging from 0.001% to 0.380% per annum at 31 December 2014, 2015 and 2016 and 31 October 2017, respectively.

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
HK$	—	170	48	12
US$	—	2,499	7,546	7
	—	2,669	7,594	19

As at 31 December 2014, 2015 and 2016 and 31 October 2017, the bank balances and cash of the Group denominated in RMB amounted to RMB2,163,000, RMB1,720,000, RMB117,307,000 and RMB494,230,000 respectively. The conversion of RMB denominated bank balances and cash into foreign currencies and the remittance of such foreign currencies denominated balances out of PRC are subject to the relevant rules and regulations of foreign exchange control by the government authorities concerned.

20. TRADE AND OTHER PAYABLES

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,488	58,989	6,617	64,080
Accrued listing expenses	—	—	4,556	15,167
Other payables and accrued expenses	5,536	12,830	14,529	8,224
Receipt in advance for issue of shares	—	—	7,164	—
Customer receipts in advance (Note)	63	1,387	7,075	4,079
Value-added tax and other taxes payables	218	239	10,977	378
Total trade and other payables	7,305	73,445	50,918	91,928

Note: The amounts represent deposits received in advance of delivery of goods to customers.

During the ten months ended 31 October 2017, the Group launches a gift credits initiative. Sales of gift credits and goods that resulted in granting gift credits constitute multiple element revenue transactions and the fair value of the consideration received or receivable should be allocated between the goods supplied and the gift credits granted. The consideration allocated to the gift credits is to be measured by reference to the fair value of the gift credits for which they could be redeemed and such consideration is not recognised as revenue at the time of the initial sale transaction, but is deferred and recognised as revenue when the gift credits expired or are redeemed and the Group's obligations have been fulfilled.

The management of the Group has, for simplicity, decided not to defer the recognition of revenue in relation to gift credits since the fair value of the gift credits outstanding at 31 October 2017 amounted to RMB32,000 is considered by them as insignificant. In August 2017, the Group has ceased to grant gift credits from selling the goods.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
0 - 30 days	1,438	44,983	6,617	63,668
61 - 90 days	—	13,536	—	361
Over 90 days	50	470	—	51
	1,488	58,989	6,617	64,080

The credit period of purchase of goods and subcontracting costs generally ranges from 20 days to 90 days. The Group has financial risk management policies in place to ensure all payables are settled within the credit timeframe.

21. SHARE CAPITAL/PAID-IN CAPITAL

For the purpose of presenting the Historical Financial Information, the issued share capital of the Group at 1 January 2014 represented the share capital of China Silver Jewellery. The issued share capital and paid-in capital of the Group at 31 December 2014 represented the aggregate of the share capital of China Silver Jewellery and the paid-in capital of Shenzhen Guoyintongbao. The issued share capital and paid-in capital of the Group at 31 December 2015 represented the aggregate of the share capital of China Silver Jewellery and CSMall Holdings BVI as well as the paid-in capital of Shenzhen Guoyintongbao. The issued share capital of the Group at 31 December 2016 represented the share capital of CSMall Group BVI. The issued share capital of the Group at 31 October 2017 represented the share capital of the Company.

During the year ended 31 December 2014, China Silver Group injected capital of RMB50,000,000 in aggregate to Shenzhen Guoyintongbao to support its operation and development. The share capital of the Group was then increased from RMB8,000 to RMB50,008,000.

During the year ended 31 December 2015, China Silver Group injected capital of RMB70,000,000 and RMB324,000 to Shenzhen Guoyintongbao and CSMall Holdings BVI, respectively, to support their operations and development. The share capital of the Group was then increased from RMB50,008,000 to RMB120,332,000.

During the year ended 31 December 2016, CSMall Group BVI issued and allotted a total of 500,000,000 shares to China Silver Group with a total consideration of RMB330,000. CSMall Group BVI further issued and allotted a total of 274,334,000 shares to Blaze Loop Limited ("Blaze Loop"), Treasure Delight International Limited ("Treasure Delight"), Silver Apex Holdings Limited ("Silver Apex") and Caitong Funds SPC ("Caitong"), with a total consideration of RMB162,179,000. The excess of the total consideration of RMB162,510,000 over the nominal value of the shares of CSMall Group BVI of RMB516,000 is recorded in other reserve.

Blaze Loop, Treasure Delight and Silver Apex are related parties of the Company. The sole shareholder of Blaze Loop is Mr. Lin Ting, an employee of the Group, who holds CSMall Group BVI shares for and on behalf of all the employees of the Group other than Mr. Chen He and Mr. Qian Pengcheng, directors of the Company. The sole shareholder of Silver Apex and Treasure Delight are Mr. Chen He and Mr. Qian Pengcheng, directors of the Company, respectively. Caitong is an independent third party.

Following the completion of the acquisition of subsidiaries by CSMall Group BVI as part of the Reorganisation during 2016 as detailed in Note 1, the share capital of the Group was then decreased from RMB120,332,000 to RMB516,000, being the share capital of CSMall Group BVI.

On 19 January 2017, the Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability with an authorised share capital of US$300,000 divided into 3,000,000,000 shares with nominal value of US$0.0001 each. Upon its incorporation, 1 share of US$0.0001 was allocated and issued to a nominee subscriber.

On 23 January 2017, CSMall Group BVI further issued and allotted a total of 58,000,000 shares to Best Conduct Investment Limited, an independent third party, with a total consideration of RMB72,959,000. The excess of the total consideration of RMB72,959,000 over the nominal value of the shares of the Company of RMB399,000 is recorded in other reserve.

On 8 February 2017, the sole share issued at the time of incorporation of the Company was transferred to China Silver Group.

On 16 February 2017, the Company allotted and issued a total of 832,333,999 shares to the shareholders of CSMall Group BVI in consideration for transferring all of their 832,334,000 shares in CSMall Group BVI to the Company.

As at 31 October 2017, the issued share capital represented the share capital of the Company comprising 832,334,000 shares of US$0.0001 each. Details of the share capital movement are set out below:

	Number of shares	Share capital	
		US$	RMB'000
Ordinary share of US$0.0001 each:			
Authorised			
At 19 January 2017 (date of incorporation) and 31 October 2017	3,000,000,000	300,000	2,062
Issued			
At 19 January 2017 (date of incorporation)	1	—	—
Issue of shares	832,333,999	83,234	572
At 31 October 2017	832,334,000	83,234	572

22. RESERVES OF THE COMPANY

The movements in the reserves of the Company are as follows:

	Share premium	Accumulated losses	Total reserves
	RMB'000	RMB'000	RMB'000
At 19 January 2017 (date of incorporation)	—	—	—
Issue of shares	232,962	—	232,962
Loss and total comprehensive expense for the period	—	(16,568)	(16,568)
At 31 October 2017	232,962	(16,568)	216,394

23. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the companies comprising the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes amount due to immediate holding company, amounts due to fellow subsidiaries and amount due to a related company, net of cash and cash equivalent, and equity attributable to owners of the Company, comprising issued share capital/paid-in capital and various reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital, and will take appropriate actions to balance its overall capital structure.

24. FINANCIAL INSTRUMENTS

24a. Categories of financial instruments

THE GROUP

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	35,772	444,855	216,313	529,685
Financial liabilities				
Amortised cost	77,302	467,319	391,087	465,066

THE COMPANY

	As at 31 October 2017
	RMB'000
Financial assets	
Loans and receivables	3,290
Financial liabilities	
Amortised cost	26,441

24b. Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amount due from immediate holding company, amounts due from fellow subsidiaries, amount due from an associate, amount due from a related company, bank balances and cash, trade and other payables, amount due to immediate holding company, amounts due to fellow subsidiaries and amount due to a related company. The Company's financial instruments include amount due from a subsidiary, accrued listing expenses, amount due to immediate holding company, amount due to a fellow subsidiary and amount due to a subsidiary. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities that are denominated in currencies other than the functional currency at the respective reporting date are as follows:

	Assets				Liabilities			
	As at 31 December			As at 31 October	As at 31 December			As at 31 October
	2014	2015	2016	2017	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
HK$	—	170	48	12	—	—	1,464	7,002
US$	—	2,499	7,546	7	—	—	3,056	7,484
	—	2,669	7,594	19	—	—	4,520	14,486

The Group currently does not have a foreign currency hedging policy. However, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

Sensitivity analysis

No sensitivity analysis is presented since the directors of the Company consider the exposure would be immaterial.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis is presented since the directors of the Company consider the exposure of cash flow interest rate risk arising from variable-rate bank balances is limited due to their short maturities.

Credit risk

At the end of each reporting period, the carrying amount of the respective recognised financial assets as stated in the statements of financial position best represent the Group's and the Company's maximum exposure to credit risk which will cause a financial loss due to failure to discharge an obligation by the counterparties.

The Group has concentration of credit risk in relation to its trade receivables as follows:

	As at 31 December			As at 31 October
	2014	2015	2016	2017
Amount due from the largest trade debtor as a percentage to total trade receivables	30%	72%	35%	15%
Total amount due from the five largest trade debtors as a percentage to total trade receivables	93%	94%	67%	56%

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management of the Group and the Company to finance the operations and mitigate the effects of fluctuations in cash flows. All the financial liabilities at the end of the reporting period are non-interest bearing and payable on demand or less than three months.

24c. Fair value measurements of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

The fair values of these financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

25. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

				Equity interest attributable to the Group as at						
				31 December			31 October			
Name of subsidiary	Date and place of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	2014	2015	2016	2017	Date of this report	Principal activities	Notes
CSMall Group BVI[1]	22 February 2016 The BVI	Hong Kong	US$83,233	N/A	N/A	100%	100%	100%	Investment holding	(c)
CSMall Holdings BVI 金貓银猫控股有限公司	24 December 2015 The BVI	Hong Kong	US$50,000	N/A	100%	100%	100%	100%	Investment holding	(c)
China Silver Jewellery 中國白銀珠寶集團有限公司	23 November 2011 Hong Kong	Hong Kong	HK$10,000	100%	100%	100%	100%	100%	Investment holding	(e)
CS Jewellery International Limited 金貓銀貓珠寶國際有限公司 ("CSJ International")	6 August 2015 Hong Kong	Hong Kong	HK$10,000	N/A	100%	N/A	N/A	N/A	Retail and wholesale of jewellery products	(f), (h)
Jiangxi Jiyin[2,4,7,8]	12 November 2013 The PRC	The PRC	US$99,800,000	100%	100%	100%	100%	100%	Processing and wholesale of precious metal products	(d)
Shenzhen Guoyintongbao[4,7,8]	25 October 2013 The PRC	The PRC	RMB500,000,000	100%	100%	100%	100%	100%	Offline sale of jewellery products and operation of self-owned stores	(g)
深圳國金通寶有限公司 Shenzhen Guojintongbao Limited[2,5,8] ("Shenzhen Guojintongbao")	25 August 2014 The PRC	The PRC	RMB50,000,000[3]	100%	100%	100%	100%	100%	Sale of jewellery products[6]	(d)
Shenzhen Yinruiji[8]	26 February 2014 The PRC	The PRC	RMB1,000,000	100% (Note b)	100% (Note b)	100% (Note b)	N/A (Note b)	N/A	Online sales platform	(d)
Jiangxi CSMall Payment[8,9]	15 July 2015 The PRC	The PRC	RMB108,000,000	N/A	55%	55%	N/A (Note b)	N/A	Operation of online payment system[6]	(d)

Name of subsidiary	Date and place of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 December 2014	31 December 2015	31 December 2016	31 October 2017	Date of this report	Principal activities	Notes
深圳雲鵬軟件開發有限公司 Shenzhen Yunpeng Software Development Limited(2)(5)(8) ("Shenzhen Yunpeng")	12 June 2016 The PRC	The PRC	RMB5,000,000(3)	N/A	N/A	100%	100%	100%	Software development	(d)
景寧畲銀文化有限公司 Jingning Sheyin Cultural Limited(2)(5)(8) ("Jingning Sheyin")	22 August 2016 The PRC	The PRC	RMB10,000,000(3)	N/A	N/A	100%	100%	100%	Planning of cultural events, design and sale of jewellery products	(d)
白銀小鎮(上海)文化產業有限公司 Baiyin Town (Shanghai) Culture Industry Limited(2)(5)(8) ("Baiyin Town")	10 November 2016 The PRC	The PRC	RMB100,000,000(3)	N/A	N/A	100%	100%	100%	Online sale of jewellery products(6)	(d)
浙江金貓銀貓珠寶首飾有限公司 Zhejiang CSmall Jewellery Co., Ltd. ("Zhejiang CSMall")(2)(5)(6)(8)	27 October 2017 The PRC	The PRC	RMB10,000,000(3)	N/A	N/A	N/A	100%	100%	Sale of jewellery products(6)	(d)

(1) Directly held by the Company.
(2) The English names are for identification purpose only.
(3) At 31 October 2017, capital injection to the entity has not been made.
(4) Directly held by China Silver Jewellery.
(5) Directly held by Shenzhen Guoyintongbao.
(6) Not yet commence business up to the date of this report.
(7) Wholly foreign owned enterprise established in the PRC.
(8) Limited company in the PRC.
(9) Directly held by Shenzhen Yinruiji.

Notes:

(a) Each of the Company and its subsidiaries has adopted 31 December as its financial year end date.

(b) Consolidated structured entity

PRC laws and regulations restrict foreign investors from owning more than 50% equity interest in any enterprise engaged in value-added telecommunication business (the "Restricted Business").

During the year ended 31 December 2014, Shenzhen Guoyintongbao decided to step into online retailing and wholesaling business and set up its own online sales platform which is categorised under the Restricted Business. Therefore, Shenzhen Yinruiji (the "Structured Entity") was established and under the legal ownership of two independent third parties. A series of agreements (the "Contractual Arrangements") were entered into between Shenzhen Guoyintongbao and the legal owners on 20 May 2014.

The Contractual Arrangements comprised of (a) option agreement, (b) proxy agreement, (c) consultancy and services agreement and (d) share pledge agreement. Key provisions of the Contractual Arrangements are as follows:

Option Agreement

Shenzhen Guoyintongbao, the Structured Entity and the legal owners entered into an exclusive option agreement (the "Option Agreement") whereby the legal owners have irrevocably and unconditionally agree, to the extent permitted under the laws of the PRC, to transfer to Shenzhen Guoyintongbao or any other entities or persons designated by Shenzhen Guoyintongbao their equity interests in the Structured Entity. Shenzhen Guoyintongbao may exercise, at its sole discretion, its rights at any time and in any manner permitted under the laws of the PRC. The exercise price of the rights payable to each of the legal owners is the lower of (a) the amount of registered capital contributed by the respective legal owner in accordance with their respective percentage of equity interest in the Structured Entity and (b) the lowest price permitted under the laws of the PRC. The entire consideration received by the legal owners in exercising the option would be transferred to Shenzhen Guoyintongbao within 10 days.

The Option Agreement will be terminated when all the rights and assets in the Structured Entity are transferred to Shenzhen Guoyintongbao and/or other entities or persons designated by Shenzhen Guoyintongbao in accordance with the terms of the Option Agreement and the laws of the PRC.

Proxy Agreement

Shenzhen Guoyintongbao, the Structured Entity and the legal owners entered into a proxy agreement (the "Proxy Agreement") whereby the legal owners have irrevocably undertake that they will authorise persons designated by Shenzhen Guoyintongbao to exercise on their behalf the rights as a shareholder of the Structured Entity under the articles of association of the Structured Entity, including but not limited to (a) the right to convene and attend shareholders' meeting; and (b) the right to vote as shareholders.

The Proxy Agreement will be valid until termination in writing by all parties.

Consultancy and Services Agreement

Shenzhen Guoyintongbao and the Structured Entity entered into an exclusive consultancy and services agreement ("Consultancy and Services Agreement") whereby the Structured Entity engages Shenzhen Guoyintongbao on an exclusive basis to provide consultancy services in relation to technology approval (技術審批), technology support, technology consultation and other related corporate consultation services.

In consideration of the provision of the aforementioned services by Shenzhen Guoyintongbao, the Structured Entity will pay Shenzhen Guoyintongbao (a) a service fee equivalent to the entire profit after taxation of the Structured Entity, with calculation in accordance to IFRSs, after setting off any accumulated loss after taxation in the prior years; and (b) another service fee agreed separately between the Structured Entity and Shenzhen Guoyintongbao for specific technology services provided by Shenzhen Guoyintongbao on the request of the Structured Entity.

The Consultancy and Services Agreement will be valid until termination in writing by both parties or in accordance with the requirements by the laws of the PRC.

Share Pledge Agreement

Shenzhen Guoyintongbao, the Structured Entity and the legal owners entered into a share pledge agreement (the "Share Pledge Agreement") whereby the legal owners have irrevocably and unconditionally agree that Shenzhen Guoyintongbao shall be entitled to enforce the pledge in accordance with the terms of the Share Pledge Agreement.

The Share Pledge Agreement will remain in effect until the later to occur of the following: (a) all of the obligations of the legal owners and the Structured Entity under the Option Agreement, the Consultancy and Services Agreement and the Proxy Agreement are satisfied in full or (b) all the direct, indirect or incidental loss suffered by Shenzhen Guoyintongbao as a result of the breach by the legal owners or the Structured Entity under the Option Agreement, the Proxy Agreement and/or the Consultancy and Services Agreement has been discharged in full.

The directors of the Company, after consulting their legal counsel, are of the view that the Contractual Arrangements are in compliance with existing PRC laws and regulations and are valid, binding and enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material aspects. The Contractual Arrangements have in substance enabled Shenzhen Guoyintongbao to exercise full control over and enjoy all economic benefits of the Structured Entity despite the absence of formal legal equity interest held by Shenzhen Guoyintongbao therein and the legal owners are, in substance, the nominees of Shenzhen Guoyintongbao. Accordingly, the Structured Entity is accounted for as a consolidated structured entity of the Group.

The principal business of the Structured Entity is operation of online sales platform in the PRC and did not contribute significant income, expenses, assets and liabilities to the Group during the Track Record Period.

In addition, the Structured Entity has entered into agreements with three other parties to set up Shenzhen Daxidi in the PRC. The Structured Entity owns 30% interest in Shenzhen Daxidi and represents the largest shareholder amongst all the shareholders. The directors assessed whether or not the Group has significant influence over Shenzhen Daxidi based on the voting rights of respective shareholders and the Group's ability to influence the relevant activities of Shenzhen Daxidi which are determined at the level of its shareholders' meetings and concluded that the Group has significant influence over Shenzhen Daxidi. Accordingly, it was classified as an associate of the Group as at 31 December 2014 and 2015. During the year ended 31 December 2016, Shenzhen Daxidi was disposed of to an independent third party at a consideration of RMB197,000.

On 31 July 2017, Baiyin Town, a subsidiary of the Group, obtained approval for the Value-Added Telecommunications Business License (增值電信業務許可證), allowing Baiyin Town to provide online data processing and transaction processing services (operating e-commerce) which in turn, enables the Group to operate the online jewellery retail business through Baiyin Town without the contractual arrangement structure. In view of these developments, the parties to the Contractual Agreements have entered into a termination agreement to unwind the contractual arrangement structure on 9 August 2017 and the contractual arrangements have been terminated and unwound on 22 August 2017. Since then, the Group lost its control over Shenzhen Yinruiji, which ceased to be a consolidated structured entity of the Group.

Analysis of assets and liabilities of Shenzhen Yinruiji and its subsidiary over which control was lost:

	RMB'000
Intangible assets	9,080
Trade and other receivables	39,062
Amount due from the Group	5,110
Bank balances and cash	53
Trade and other payables	(2,871)
Amount due to the Group	(4,446)
Amount due to a fellow subsidiary	(410)
Net assets	45,578
Less: Non-controlling interests	(48,234)
Net liabilities disposed of	(2,656)
Gain on termination of a structured entity	
Consideration received	1,000
Net liabilities disposed of	2,656
	3,656
Net cash inflow arising from termination of a structured entity	
Cash consideration received	1,000
Less: Bank balances and cash disposed of	(53)
	947

(c) No statutory audited financial statements have been prepared for the Company, CSMall Group BVI and CSMall Holdings BVI since their respective dates of incorporation as they were incorporated in jurisdictions where there are no statutory audit requirements.

(d) No audited financial statements of Jiangxi Jiyin, Shenzhen Guojintongbao, Shenzhen Yinruiji, Jiangxi CSMall Payment, Shenzhen Yunpeng, Jingning Sheyin, Baiyin Town and Zhejiang CSMall for each of the three years ended 31 December 2014, 2015 and 2016 or since their respective dates of establishment as they are not required to issue audited financial statements in the PRC.

(e) The statutory financial statements of China Silver Jewellery for the year ended 31 December 2014, 2015 and 2016 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us.

(f) The statutory financial statements of CSJ International for the period from 6 August 2015 (date of incorporation) to 31 December 2016 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

(g) The statutory financial statements of Shenzhen Guoyintongbao established in the PRC for the year ended 31 December 2014 and 2015 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and audited by 深圳天大聯合會計師事務所, certified public accountants registered in the PRC. The statutory financial statements of this company for the year ended 31 December 2016 are prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and audited by 深圳市華圖會計師事務所.

(h) During the year ended 31 December 2016, the Group disposed of its entire equity interest in CSJ International to China Silver Group at nil consideration. Gain on disposal of CSJ International of RMB3,009,000 was recognised in the contribution reserve as deemed contribution.

(i) Details of non-wholly owned subsidiary that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			Loss allocated to non-controlling interests			Accumulated non-controlling interests		
		As at			For the year/period ended			As at		
		31.12.2015	31.12.2016	31.10.2017	31.12.2015	31.12.2016	31.10.2017	31.12.2015	31.12.2016	31.10.2017
Jiangxi CSMall Payment	The PRC	45%	45%	N/A (Note)	2	—	364	48,598	48,598	N/A (Note)

Note: On 22 August 2017, with the termination and unwind of the contractual agreements as detailed in Note 25(b), Jiangxi CSMall Payment ceased to be a non-wholly owned subsidiary of the Group that has material non-controlling interests.

Summarised financial information in respect of the Group's subsidiary since its establishment on 15 July 2015 that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	31.12.2015	31.12.2016
	RMB'000	RMB'000
Current assets	114,995	112,536
Non-current asset	—	—
Current liabilities	(6,999)	(4,540)
Equity attributable to owners of the Company	107,996	107,996
Non-controlling interests	48,598	48,598
Net cash outflow from operating activities	(4,113)	(3,259)
Net cash (outflow) inflow from investing activities	(108,010)	2,840
Net cash inflow from financing activities	112,236	310
Net cash inflow (outflow)	113	(109)

No summarised financial information about the profit or loss of the subsidiary are presented since the directors of the Company consider the amounts are not significant.

26. MAJOR NON-CASH TRANSACTIONS

All the transactions of the New Jewellery Retail Business Units were settled by Longtianyong and FY Silver during the Track Record Period. The funds provided by or withdrawn from Longtianyong and FY Silver were presented as movements in the contribution reserve as set out in the consolidated statements of changes in equity.

During the year ended 31 December 2016, the Group had the following major non-cash transactions:

(a) The consideration for the acquisition of certain subsidiaries acquired by China Silver Jewellery pursuant to the Reorganisation of RMB120,332,000 was settled through current account with immediate holding company.

(b) The proceeds from derecognition of property, plant and equipment of RMB4,106,000 (Note 12) was included in the contribution reserve as distribution by Longtianyong.

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Amount due to immediate holding company	Amounts due to fellow subsidiaries	Amount due to a related company	Advance from a non-controlling shareholder of a subsidiary (included in trade and other payables)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	—	—	—	—	—
Financing cash flows	34,816	35,462	—	—	70,278
At 31 December 2014	34,816	35,462	—	—	70,278
Financing cash flows	168,400	156,822	—	4,236	329,458
At 31 December 2015	203,216	192,284	—	4,236	399,736
Financing cash flows	41,360	(191,807)	—	—	(150,447)
Non-cash changes					
Reorganisation (Note 26(a))	120,332	—	—	—	120,332
At 31 December 2016	364,908	477	—	4,236	369,621
Financing cash flows	7,936	3,951	(4,377)	(4,236)	3,274
Non-cash changes					
Termination of a structured entity (Note 25 (b))	—	(410)	5,110	—	4,700
At 31 October 2017	372,844	4,018	733	—	377,595
Unaudited					
At 1 January 2016	203,216	192,284	—	4,236	399,736
Financing cash flows	39,759	(192,121)	—	—	(152,362)
Non-cash changes					
Reorganisation (Note 26(a))	120,332	—	—	—	120,332
At 31 October 2016	363,307	163	—	4,236	367,706

28. OPERATING LEASE COMMITMENTS

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, showrooms, warehouses and retail shops which fall due as follow:

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	4,715	6,715	4,660	6,688
In the second year to fifth year inclusive	6,996	2,833	1,296	9,272
	11,711	9,548	5,956	15,960

Operating leases payments represent rentals paid or payable by the Group for certain of its offices, shops, showrooms and warehouses. Leases are negotiated for terms of one to three years and rentals are fixed during the lease period.

29. CAPITAL COMMITMENTS

	As at 31 December			As at 31 October
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	—	—	—	8,323

30. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in future years.

The total expenses recognised in profit or loss of RMB875,000, RMB1,764,000, RMB1,994,000, RMB1,401,000 (unaudited) and RMB3,369,000 during the years ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2016 and 2017, respectively, represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

31. RELATED PARTY DISCLOSURES

(a) During the Track Record Period, the Group entered into the following significant transactions with related parties:

		Year ended 31 December			Ten months ended 31 October	
Name of related parties	Nature of transactions	2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Shanghai Huatong	Sales of jewellery products	—	1,367	—	—	152
Longtianyong	Rental expense	—	—	138	115	125
Longtianyong	Purchases of silver ingots (Note)	—	—	278,959	191,818	268,095
Mr. Chen He	Proceeds from termination of a structured entity (Note 25(b))	—	—	—	—	800
Mr. Qian Pengcheng	Proceeds from termination of a structured entity (Note 25(b))	—	—	—	—	200

Note: During the Relevant Period, the sourcing of raw materials from external independent suppliers for the manufacturing and sales of silver ingots is conducted by Longtianyong. Longtianyong had used some of the silver ingots it produced to manufacture silver and jewellery products through external OEM contractors, which it subsequently sold to Shenzhen Guoyintongbao, which further sold such products to external customers. Longtianyong also sold silver and jewellery products to external customers directly. With respect to these businesses conducted by Longtianyong during the Relevant Period, which also formed a part of the Listing Business, Longtianyong's cost of silver ingots used for manufacturing silver and jewellery products was recorded at its historical cost of production in the Historical Financial Information in accordance with IFRSs.

Since April 2016, the Group purchased silver ingots directly from Longtianyong at the prevailing market rates and the Group will continue to purchase silver ingots from Longtianyong in this manner. The figures disclosed above represent the purchase cost of silver ingots used in the production of the Listing Business since April 2016. Longtianyong is not a member of the Group and remains wholly-owned by China Silver Group upon completion of the Reorganisation.

(b) Details of the outstanding balances with related parties are set out in the consolidated statements of financial position and in Notes 14 and 18.

(c) At 31 December 2015 and 2016, included in trade and other payables of RMB4,236,000 and RMB4,236,000 was amount due to a non-controlling shareholder of a subsidiary. The amount was non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully repaid before the termination of a structured entity.

(d) Details of the shares of CSMall Group BVI issued to the companies held by the directors of the Company and employees of the Group are set out in the Note 21.

(e) Compensation of key management personnel

The emoluments of directors and members of key management of the Group during the Track Record period were as follows:

	Year ended 31 December			Ten months ended 31 October	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Salaries and other allowances	1,575	2,139	2,050	1,701	1,107
Retirement benefits scheme contributions	40	72	80	49	52
	1,615	2,211	2,130	1,750	1,159

The remuneration of directors and key management personnel is determined with regard to the performance of the individuals and market trends.

32. DIRECTORS' REMUNERATION

Under the arrangement presently in force, the aggregate remuneration of the Company's directors for the year ending 31 December 2017, excluding discretionary bonus, is estimated to be approximately RMB947,000.

33. SUBSEQUENT EVENT

Save as disclosed in the report, subsequent to 31 October 2017, the following significant event took place:

Pursuant to the resolutions of the shareholders passed on 13 February 2018 and 21 February 2018, subject to the global offering becoming unconditional in all respects, the directors of the Company were authorised to allot and issue a total of 27,070,010 new shares to China Silver Group under the loan capitalisation issue. All of these new shares shall be distributed to the qualifying shareholders of China Silver Group.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 October 2017.

The information set forth in this Appendix does not form part of the accountants' report on the financial information of the Group for each of the three years ended 31 December 2016 and the ten months ended 31 October 2017 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included in this prospectus for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 as if the Global Offering had taken place on that date.

This statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Global Offering been completed as at 31 October 2017 or at any future dates. The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributed to owners of the Company is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 as shown in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 per Share	
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$**
	(Note 1)	**(Note 2)**		**(Note 3)**	**(Note 4)**
Based on an Offer Price of HK$2.28 per Share	308,589	335,644	644,233	0.63	0.77
Based on an Offer Price of HK$3.28 per Share.	308,589	488,549	797,138	0.78	0.96

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 is based on the consolidated net assets of the Group attributable to owners of the Company of RMB312,892,000 as at 31 October 2017 as extracted from the Accountants' Report as set out in Appendix I to this prospectus less intangible assets of the Group attributable to owners of the Company of RMB4,303,000 as at 31 October 2017.

(2) The estimated net proceeds from the Global Offering are based on 194,183,990 Shares at the Offer Price of HK$2.28 and HK$3.28, being the low-end and high-end of the indicated offer price range, after deduction of the estimated underwriting fees and related expenses expected to be incurred by the Group subsequent to 31 October 2017 (other than expenses already recognised in profit or loss up to 31 October 2017). It does not take account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued and alloted pursuant to the Loan Capitalisation Issue or any Shares which may be issued or repurchased pursuant to the Company's general mandates. The estimated net proceeds from the Global Offering are converted from Hong Kong dollar to RMB at an exchange rate of HK$1.00 to RMB0.8109 (being the exchange rate as at 14 February 2018). No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to RMB, or vice versa, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 per Share has been arrived at after making the adjustments referred to in this section on the basis of a total of 1,026,517,990 Shares comprising 832,334,000 Shares in issue as at 31 October 2017 and 194,183,990 Shares to be issued pursuant to the Global Offering. It does not take account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued and alloted pursuant to the Loan Capitalisation Issue or any Shares which may be issued or repurchased pursuant to the Company's general mandates.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 per Share is converted from RMB into Hong Kong dollar at an exchange rate of HK$1.00 to RMB0.8109 (being the exchange rate as at 14 February 2018). No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollar, or vice versa, at that date or at any other rates or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2017.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 per Share in the table above does not take account the effect of (i) the settlement of an amount equal to 27,070,010 Shares multiplied by the final Offer Price per Share (being not more than the RMB equivalent of HK$88,789,633) due to immediate holding company, which amount is non-trade in nature, by the Loan Capitalisation Issue and (ii) the capitalisation of the remaining outstanding balance with the immediate holding company, which will be reflected in contribution reserve ("Loan Contribution").

Assuming that the Loan Capitalisation Issue and Loan Contribution had been taken into account and completed on 31 October 2017, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 per Share would have been RMB0.97 and RMB1.11 (equivalent to HK$1.19 and HK$1.37 at exchange rate of HK1.00 to RMB0.8109 (being the exchange rate as at 14 February 2018)) at the Offer Price of HK$2.28 and HK$3.28, respectively, which is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 with further adjustment of RMB372,844,000 for the effect of Loan Capitalisation Issue and Loan Contribution to RMB1,017,077 and RMB1,169,982 based on the Offer Price of HK$2.28 and HK$3.28 respectively, and a total of 1,053,588,000 Shares comprising 832,334,000 Shares in issue as at 31 October 2017, 27,070,010 Shares to be issued pursuant to the Loan Capitalisation Issue and 194,183,990 Shares to be issued pursuant to the Global Offering.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated earnings per Share for the year ended 31 December 2017 has been prepared in accordance with paragraph 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if it had taken place on 1 January 2017. The unaudited pro forma estimated earnings per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Estimated consolidated profit attributable to owners of the Company	Not less than RMB96.9 million
Unaudited pro forma estimated earnings per Share	Not less than RMB0.09

Notes:

(1) The bases on which the above estimate for the year ended 31 December 2017 have been prepared are summarised in Appendix III to this prospectus. The estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2017 is based on the audited consolidated result of the Group for the ten months ended 31 October 2017 and the unaudited consolidated results of the Group based on the management accounts for the two months ended 31 December 2017.

(2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2017 and the weighted average number of shares that are outstanding during the year ended 31 December 2017 and on the assumption that the Global Offering had been completed on 1 January 2017, resulted in a weighted average of 1,023,022,100 Shares for the year ended 31 December 2017. The calculation or the estimated earnings per Share does not take account of any Shares which may be issued and alloted pursuant to the Loan Capitalisation Issue or any Shares which may be issued or repurchased pursuant to the Company's general mandates.

C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CSMALL GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CSMALL Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 October 2017 and the unaudited pro forma estimated earnings per share for the year ended 31 December 2017 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 28 February 2018 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at 31 October 2017, and the Group's estimated earnings per share for the year ended 31 December 2017 as if the Global Offering had taken place at 31 October 2017 and 1 January 2017 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 December 2016 and the ten months ended 31 October 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published and information about the estimate of the consolidated profit of the Group attributable to the owners of the Company for the year ended 31 December 2017, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2017 or 1 January 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 February 2018

Our estimate of the consolidated profit for the year ended 31 December 2017 is set out in the section headed "Financial information — Profit estimate for the year ended 31 December 2017" in this prospectus.

(A) PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2017

Our Directors have prepared the estimate of the consolidated profit of the Group for the year ended 31 December 2017 based on the audited consolidated results of the Group for the ten months ended 31 October 2017 and the unaudited consolidated results of the Group based on its unaudited management accounts for the two months ended 31 December 2017. The estimate has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by the Group as summarised in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2017

Estimated consolidated profit attributable to owners of the Company	Not less than RMB96.9 million

Note: The estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2017 has been taken account of the listing expenses incurred during the year ended 31 December 2017 of approximately RMB19.6 million.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter, prepared for inclusion in this prospectus, received by the Directors and the Sole Sponsor from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in connection with the estimate of the consolidated profit attributable to owners of the Company for the year ended 31 December 2017.

Deloitte. 德勤

28 February 2018

The Board of Directors
CSMall Group Limited
Room 1417, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F., One Exchange Square
Central
Hong Kong

Dear Sirs,

CSMall Group Limited ("the Company")

Profit Estimate for Year Ended 31 December 2017

We refer to the estimate of the consolidated profit of the Company and its subsidiaries (collectively referred to as the "**Group**") attributable to owners of the Company for the year ended 31 December 2017 (the "**Profit Estimate**") set forth in the section headed Financial Information in the prospectus of the Company dated 28 February 2018 (**the "Prospectus**").

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Group for the ten months ended 31 October 2017, and the unaudited consolidated results based on the management accounts of the Group for the two months ended 31 December 2017.

The Company's directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 28 February 2018, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(C) LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this document by the Sole Sponsor in connection with the profit estimate for the year ended 31 December 2017.

CMS 招商證券國際

28 February 2018

The Directors
CSMall Group Limited

Dear Sirs,

We refer to the estimate of the consolidated profit attributable to owners of CSMall Group Limited (the "**Company**") together with its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2017 (the "**Profit Estimate**") as set out in the prospectus of the Company dated 28 February 2018.

The Profit Estimate, for which the directors of the Company (the "**Directors**") are solely responsible, has been prepared by the Directors based on the audited consolidated financial results of the Group for the ten months ended 31 October 2017 and the unaudited management accounts of the Group for the two months ended 31 December 2017.

We have discussed with you the bases and assumptions upon which the Profit Estimate has been made. We have also considered and relied upon the letter dated 28 February 2018 addressed to you and us from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Profit Estimate, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

For and on behalf of
China Merchants Securities (HK) Co., Limited
Marcus Woo
Managing Director

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 January 2017 under the Cayman Islands Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 13 February 2018 and will become effective upon the Listing. A summary of certain provisions of the Articles is set out below.

(A) SHARES

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Cayman Islands Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the

Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) Transfer of shares

Subject to the Cayman Islands Companies Law and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(B) DIRECTORS

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(A) resign;

(B) dies;

(C) is declared to be of unsound mind and the Board resolves that his office be vacated;

(D) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(E) he is prohibited from being or ceases to be a director by operation of law;

(F) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(G) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(H) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Islands Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Islands Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Islands Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Islands Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(A) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(B) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(C) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub- underwriting of the offer;

(D) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(E) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(C) PROCEEDINGS OF THE BOARD

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(D) ALTERATIONS TO THE CONSTITUTIONAL DOCUMENTS AND THE COMPANY'S NAME

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(E) MEETINGS OF MEMBER

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Islands Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Islands Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(A) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(B) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(F) ACCOUNTS AND AUDIT

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Islands Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Islands Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(G) DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(A) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(B) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(C) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(A) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(B) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(H) INSPECTION OF CORPORATE RECORDS

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

(I) RIGHTS OF MINORITIES IN RELATION TO FRAUD OR OPPRESSION

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(J) PROCEDURES ON LIQUIDATION

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(A) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

(B) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Islands Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(K) SUBSCRIPTION RIGHTS RESERVE

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Islands Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANIES LAW

The Company was incorporated in the Cayman Islands as an exempted company on 19 January 2017 subject to the Cayman Islands Companies Law. Certain provisions of Cayman Islands Companies Law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Islands Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(A) COMPANY OPERATIONS

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(B) SHARE CAPITAL

Under Cayman Islands Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(A) paying distributions or dividends to members;

(B) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(C) any manner provided in section 37 of the Cayman Islands Companies Law;

(D) writing-off the preliminary expenses of the company; and

(E) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(C) FINANCIAL ASSISTANCE TO PURCHASE SHARES OF A COMPANY OR ITS HOLDING COMPANY

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(D) PURCHASE OF SHARES AND WARRANTS BY A COMPANY AND ITS SUBSIDIARIES

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Islands Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Islands Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(E) DIVIDENDS AND DISTRIBUTIONS

Subject to a solvency test, as prescribed in the Cayman Islands Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(F) PROTECTION OF MINORITIES AND SHAREHOLDERS' SUITS

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(G) DISPOSAL OF ASSETS

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(H) ACCOUNTING AND AUDITING REQUIREMENTS

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(I) EXCHANGE CONTROL

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(J) TAXATION

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(A) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(B) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 14 February 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(K) STAMP DUTY ON TRANSFERS

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(L) LOANS TO DIRECTORS

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(M) INSPECTION OF CORPORATE RECORDS

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(N) REGISTER OF MEMBERS

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2016 Revision) of the Cayman Islands.

(O) REGISTER OF DIRECTORS AND OFFICERS

Pursuant to the Cayman Islands Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(P) WINDING UP

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that:

(i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(Q) RECONSTRUCTIONS

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(R) TAKE-OVERS

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(S) INDEMNIFICATION

Cayman Islands law does not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 19 January 2017 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 20 March 2017. We have established a principal place of business in Hong Kong at Rm 1417, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. We have appointed Mr. LEE Jackie Kai Yat (李介一) as the authorised representative of our Company for the acceptance of service of process and notices on our behalf in Hong Kong. The address for service of process and notices on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As we were incorporated in the Cayman Islands, our operations are subject to the Cayman Islands Companies Law as well as the Memorandum of Association and the Articles of Association. A summary of certain provisions of the Memorandum and the Articles and relevant aspects of the Cayman Islands Companies Law is set out in Appendix III to this prospectus.

For details of the Reorganisation which was effected in preparation for the Listing, please refer to the section headed “History, Reorganisation and Group Structure” in this prospectus.

2. Changes in Share Capital of Our Company and Our Subsidiaries

(a) Our Company

Our Company was incorporated on 19 January 2017 with an authorised share capital of US$300,000 divided into 3,000,000,000 Shares of US$0.0001 each. Upon incorporation, one Share was issued to Intertrust Nominees 2 (Cayman) Limited. On 8 February 2017, such one Share was transferred to China Silver Group.

As part of the Reorganisation, on 16 February 2017, our Company issued 499,999,999 Shares, 178,525,000 Shares, 21,250,000 Shares, 14,500,000 Shares, 60,059,000 Shares and 58,000,000 Shares to China Silver Group, Blaze Loop, Silver Apex, Treasure Delight, Caitong Funds SPC and Best Conduct respectively, and then on the same day, Blaze Loop transferred 12,500,000 Shares to Diamond Port.

As of the Latest Practicable Date, the issued share capital of our Company was US$83,233.4 divided into 832,334,000 Shares of US$0.0001 each, all fully paid or credited as fully paid, and 2,167,666,000 Shares will remain unissued.

Pursuant to the resolutions of our Shareholders passed on 13 February 2018 and 21 February 2018, subject to the Global Offering becoming unconditional in all respects, our Directors were authorised to allot and issue a total of 27,070,010 new Shares to China Silver Group under the Loan Capitalisation Issue. China Silver Group will then distribute such 27,070,010 Shares issued to it pursuant to the Loan Capitalisation Issue by way of a distribution in specie to the Qualifying China Silver Shareholders, as further described in the sections headed “The Spin-Off and the Distribution — The Distribution” and “Structure of the Global Offering — The Distribution” in this prospectus.

Immediately following the completion of the Loan Capitalisations Issue, the Distribution, and the Global Offering (but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option), the issued share capital of our Company will be US$105,358.8 divided into 1,053,588,000 Shares of US$0.0001 each, all fully paid or credited as fully paid, and 1,946,412,000 Shares will remain unissued.

(b) CSMall Holdings BVI

CSMall Holdings BVI was incorporated on 24 December 2015 with an authorised share capital of US$50,000 divided into 500,000,000 shares of US$0.0001 each. Upon incorporation, 500,000,000 shares in CSMall Holdings BVI were issued to China Silver Group.

On 4 March 2016, China Silver Group transferred its entire shareholding in CSMall Holdings BVI to CSMall Group BVI.

As part of the Reorganisation, on 16 February 2017, CSMall Group BVI distributed its entire shareholding in CSMall Holdings BVI to our Company by way of a distribution in specie. Following such distribution, our Company became the sole shareholder of CSMall Holdings BVI.

(c) CSMall Group BVI

CSMall Group BVI was incorporated on 22 February 2016 with an authorised share capital of US$50,000 divided into 500,000,000 shares of US$0.0001 each. Upon incorporation, 500,000,000 shares in CSMall Group BVI were issued to China Silver Group.

On 18 May 2016, the authorised share capital of CSMall Group BVI was increased to US$300,000 divided into 3,000,000,000 shares of US$0.0001 each.

Pursuant to the Employee Share Scheme, on 21 August 2016, 178,525,000 shares, 21,250,000 shares and 14,500,000 shares in CSMall Group BVI were issued to Blaze Loop, Silver Apex and Treasure Delight respectively.

Pursuant to the Pre-IPO Investments, on 5 December 2016, 60,059,000 shares in CSMall Group BVI were issued to Caitong Funds SPC, and on 23 January 2017, 58,000,000 shares in CSMall Group BVI were issued to Best Conduct.

As part of the Reorganisation, on 16 February 2017, Blaze Loop, Silver Apex, Treasure Delight, Caitong Funds SPC and Best Conduct transferred their respective entire shareholdings in CSMall Group BVI to our Company. Following such transfers, our Company became the sole shareholder of CSMall Group BVI holding 832,334,000 shares in CSMall Group BVI.

(d) China Silver Jewellery

China Silver Jewellery was incorporated on 23 November 2011 with an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1 each. Upon incorporation, 10,000 shares in China Silver Jewellery were issued to China Silver Holdings Ltd. (中國白銀控股有限公司).

On 5 July 2012, China Silver Holdings Ltd. (中國白銀控股有限公司) transferred its entire shareholding in China Silver Jewellery to Ms. ZHOU Peizhen (周佩珍).

On 12 March 2014, Ms. ZHOU Peizhen (周佩珍) transferred her entire shareholding in China Silver Jewellery to China Silver Group.

On 26 February 2016, China Silver Group transferred its entire shareholding in China Silver Jewellery to CSMall Holdings BVI.

(e) Shenzhen Guoyintongbao

Shenzhen Guoyintongbao was established on 25 October 2013 with China Silver Group as its sole shareholder. Upon incorporation, Shenzhen Guoyintongbao had a registered capital of RMB50,000,000, of which RMB1,046,860 was paid up by 30 April 2014 and the remainder was fully paid up by 25 November 2014.

On 20 May 2015, the registered capital of Shenzhen Guoyintongbao was increased to RMB120,000,000, which was fully paid up by 2 June 2015.

On 7 April 2016, China Silver Group entered into a share transfer agreement with China Silver Jewellery, whereby China Silver Group agreed to transfer its entire shareholding in Shenzhen Guoyintongbao to China Silver Jewellery. Such transfer was completed on 27 April 2016.

On 16 November 2016, the registered capital of Shenzhen Guoyintongbao was further increased to RMB500,000,000 which, as of the Latest Practicable Date, has not been fully paid up. According to Shenzhen Guoyintongbao's articles of association, the date upon which such registered capital needs to be paid up is 15 November 2018.

(f) Jiangxi Jiyin

Jiangxi Jiyin was established on 12 November 2013 with China Silver Jewellery as its sole shareholder. Upon incorporation, Jiangxi Jiyin had a registered capital of US$8,000,000, of which US$5,587,975.39 was paid up by 8 December 2014.

On 12 March 2015, the registered capital of Jiangxi Jiyin was increased to US$38,000,000, of which US$15,391,975.39 was paid up by 18 May 2015.

On 21 July 2015, the registered capital of Jiangxi Jiyin was further increased to US$49,800,000, which was fully paid up by 15 December 2016.

On 22 December 2016, the registered capital of Jiangxi Jiyin was further increased to US$99,800,000, which, as of the Latest Practicable Date, has not been fully paid up. According to Jiangxi Jiyin's articles of association, the date upon which such registered capital needs to be paid up is 28 December 2018.

(g) Shenzhen Guojintongbao

Shenzhen Guojintongbao was established on 25 August 2014 with Shenzhen Guoyintongbao as its sole shareholder. Upon incorporation, Shenzhen Guojintongbao had a registered capital of RMB50,000,000.

(h) Shenzhen Yunpeng

Shenzhen Yunpeng was established on 12 June 2016 with Shenzhen Guoyintongbao as its sole shareholder. Upon incorporation, Shenzhen Yunpeng had a registered capital of RMB5,000,000, which, as of the Latest Practicable Date, has not been paid up. According to Shenzhen Yunpeng's articles of association, the date upon which such registered capital needs to be paid up is 31 December 2036.

(i) Jingning Sheyin

Jingning Sheyin was established on 22 August 2016 with Shenzhen Guoyintongbao as its sole shareholder. Upon incorporation, Jingning Sheyin had a registered capital of RMB10,000,000, which, as of the Latest Practicable Date, has not been fully paid up. According to Jingning Sheyin's articles of association, the date upon which such registered capital needs to be paid up is 31 August 2026.

(j) Baiyin Town

Baiyin Town was established on 10 November 2016 with Shenzhen Guoyintongbao as its sole shareholder. Upon incorporation, Baiyin Town had a registered capital of RMB100,000,000, which, as of the Latest Practicable Date, has not been fully paid up. According to Baiyin Town's articles of association, the date upon which such registered capital needs to be paid up is 1 November 2046.

(k) Zhejiang CSmall Jewellery

Zhejiang CSmall Jewellery was established on 27 October 2017 with Shenzhen Guoyintongbao as its sole shareholder. Upon incorporation, Zhejiang CSmall Jewellery had a registered capital of RMB10,000,000, which, as of the Latest Practicable Date, has not been fully paid up. According to Zhejiang CSmall Jewellery's articles of association, the date upon which such registered capital needs to be paid up is 26 October 2047.

3. Resolutions of Our Shareholders Passed on 13 February 2018 and 21 February 2018

On 13 February 2018 and 21 February 2018, resolutions of our Company were passed by the then Shareholders pursuant to which, among other things:

(a) with effect from and conditional upon the Listing, the current memorandum and articles of association of the Company will be replaced in its entirety with the Memorandum of Association and the Articles of Association;

(b) our Company approved and adopted the Memorandum of Association and the Articles of Association with effect from and conditional upon the Listing; and

(c) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the Global Offering — Conditions of the Global Offering" and pursuant to the terms set out therein:

(i) the Global Offering were approved and the Directors were authorised to allot and issue the Shares pursuant to the Global Offering;

(ii) the Listing was approved and the Directors were authorised to implement the Listing;

(iii) subject to the "lock-up" provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of the Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme of similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (iii) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(A) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering; and

(B) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in the paragraph headed "4. Repurchases by Our Company of Its Own Securities" below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, (II) the end of the period within which our Company is required by the Articles of Association or any applicable laws to hold its next annual general meeting or (III) the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**");

(iv) a general unconditional mandate was granted to the Directors to exercise all the powers of our Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules, with an aggregate nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering, such mandate to remain in effect during the Relevant Period;

(v) our Directors were authorised to allot and issue a total of 27,070,010 new Shares to China Silver Group in consideration of the capitalisation of the RMB equivalent of not more than HK$88,789,633 outstanding amount owed by our Company to China Silver Group, and all of these new Shares shall be distributed to the Qualifying China Silver Shareholders in the manner set out in the section "Structure of the Global Offering — The Distribution" of the prospectus; and

(vi) the outstanding amount owed by our Company to China Silver Group less the amount capitalised pursuant to the Loan Capitalisation Issue, shall be contributed to our Group's accounts as capital and reflected in our Group's financial statement as reserves.

4. Repurchases by Our Company of Its Own Securities

The following sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and the Articles of Association of our Company and the Listing Rules and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until such time as the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person, that is, a director, chief executive or substantial shareholder of our Company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to our Company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors have sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 1,053,588,000 Shares in issue immediately following the completion of the Global Offering, could accordingly result in up to approximately 105,358,800 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of the next annual general meeting of our Company; or

(ii) the end of the period within which our Company is required by the Articles of Association or any applicable law to hold its next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in Hong Kong.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in our ordinary course of business) within the two years preceding the date of this prospectus, which are or may be material:

(a) the subscription agreement dated 6 June 2016 entered into between, among others, CSMall Group BVI (as issuer) and Blaze Loop (as subscriber), pursuant to which CSMall Group BVI agreed to allot and issue 178,525,000 shares in CSMall Group BVI to Blaze Loop for a consideration of RMB71,410,000 in cash;

(b) the subscription agreement dated 6 June 2016 entered into between, among others, CSMall Group BVI (as issuer) and Silver Apex (as subscriber), pursuant to which CSMall Group BVI agreed to allot and issue 21,250,000 shares in CSMall Group BVI to Silver Apex for a consideration of RMB8,500,000 in cash;

(c) the subscription agreement dated 6 June 2016 entered into between, among others, CSMall Group BVI (as issuer) and Treasure Delight (as subscriber), pursuant to which CSMall Group BVI agreed to allot and issue 14,500,000 shares in CSMall Group BVI to Treasure Delight for a consideration of RMB5,800,000 in cash;

(d) the Old Trust Deed;

(e) the subscription agreement dated 2 December 2016 entered into between, among others, CSMall Group BVI (as issuer) and Caitong Funds SPC (as subscriber), pursuant to which CSMall Group BVI agreed to allot and issue 60,059,000 shares in CSMall Group BVI to Caitong Funds SPC for a consideration of US$11,000,000 in cash;

(f) the subscription agreement dated 2 December 2016 entered into between, among others, CSMall Group BVI (as issuer) and Best Conduct (as subscriber), pursuant to which CSMall Group BVI agreed to allot and issue 58,000,000 shares in CSMall Group BVI to Best Conduct for a consideration of RMB73,080,000 in cash;

(g) the subscription and transfer agreement dated 16 February 2017 entered into between, among others, our Company (as issuer and transferee) and China Silver Group (as subscriber and transferor), pursuant to which our Company agreed to allot and issue 499,999,999 Shares to China Silver Group in consideration for all of its 500,000,000 shares in CSMall Group BVI;

(h) the Employee Subscription and Transfer Agreement;

(i) the subscription and transfer agreement dated 16 February 2017 entered into between, among others, our Company (as issuer and transferee) and Caitong Funds SPC (as subscriber and transferor), pursuant to which our Company agreed to allot and issue 60,059,000 Shares to Caitong Funds SPC in consideration for all of its 60,059,000 shares in CSMall Group BVI;

(j) the subscription and transfer agreement dated 16 February 2017 entered into between, among others, our Company (as issuer and transferee) and Best Conduct (as subscriber and transferor), pursuant to which our Company agreed to allot and issue 58,000,000 Shares to Best Conduct in consideration for all of its 58,000,000 shares in CSMall Group BVI;

(k) the New Trust Deed;

(l) the Contractual Arrangement Termination Agreement;

(m) the Deed of Non-Competition;

(n) the Deed of Indemnity;

(o) the Hong Kong Underwriting Agreement;

(p) the equity interest transfer agreement dated 6 March 2017 entered into between, among others, Jiangxi Lianhui Chemical Industrial Co., Ltd.* (江西聯惠化工有限公司) (together with other transferors, the "Previous Shareholders") and Jiangxi Jiyin (together with other transferees, the "Transferees"), pursuant to which the Previous Shareholders agreed to transfer to Transferees their equity interest held in Yongfeng County Tongsheng Microcredit Company Limited* (永豐縣通盛小額貸款股份有限公司) free of charge and all assets owned by Yongfeng County Tongsheng Microcredit Company Limited* (永豐縣通盛小額貸款股份有限公司) at an aggregate consideration of RMB3 million in cash; and

(q) the equity interest transfer agreement dated 18 August 2017 entered into between Jiangxi Jiyin and Jiangxi Huake Industrial Co., Ltd.* (江西華科實業有限公司), pursuant to which Jiangxi Jiyin agreed to transfer its 20% equity interest in Yongfeng County Tongsheng Microcredit Company Limited* (永豐縣通盛小額貸款股份有限公司) to Jiangxi Huake Industrial Co., Ltd.* (江西華科實業有限公司) for a consideration of RMB0.6 million in cash.

2. Key Intellectual Property Rights of Our Group

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Trademark	Place of registration	Registered owner	Class(es)	Term of validity	Registration no.
1.	A 金猫银猫 CSmall 买珠宝只选金猫银猫	Hong Kong	China Silver Jewellery	14, 40	4 August 2015 - 3 August 2025	303494331
	B 金猫银猫 CSmall 买珠宝只选金猫银猫					

No.	Trademark	Place of registration	Registered owner	Class(es)	Term of validity	Registration no.
2.	A CSmall B CSmall	Hong Kong	China Silver Jewellery	14, 40	10 August 2015 - 9 August 2025	303500261
3.	A 金猫银猫 B 金猫银猫	Hong Kong	China Silver Jewellery	14, 40	10 August 2015 - 9 August 2025	303500270
4.	A 金猫银猫 CSmall 买珠宝只选金猫银猫 B 金猫银猫 CSmall 买珠宝只选金猫银猫	Hong Kong	China Silver Jewellery	35	10 January 2017 - 9 January 2027	304016772
5.	A CSmall B CSmall	Hong Kong	China Silver Jewellery	35	10 January 2017 - 9 January 2027	304016781
6.	A 金猫银猫 B 金猫银猫	Hong Kong	China Silver Jewellery	35	10 January 2017 - 9 January 2027	304016790

No.	Trademark	Place of registration	Registered owner	Class(es)	Term of validity	Registration no.
7.	CSmall Gift JEWELRY ONLY IN CSMALL	Hong Kong	China Silver Jewellery	14, 35	11 January 2017 - 10 January 2027	304017429
8.	CSmall.Gift JEWELRY ONLY IN CSMALL	Hong Kong	China Silver Jewellery	14, 35	11 January 2017 - 10 January 2027	304017438
9.	CSmall	PRC	Shenzhen Guoyintongbao	14	28 August 2016 - 27 August 2026	17212006
10.	sisi	PRC	Shenzhen Guoyintongbao	14	21 February 2015 - 20 February 2025	13468054
11.	典汇藏金	PRC	Shenzhen Guoyintongbao	14	14 August 2015 - 13 August 2025	15018195
12.	典顺通宝	PRC	Shenzhen Guoyintongbao	14	14 August 2015 - 13 August 2025	15018164
13.	菲艾妮	PRC	Shenzhen Guoyintongbao	14	28 April 2015 - 27 April 2025	14204049
14.	汇天银	PRC	Shenzhen Guoyintongbao	14	7 May 2015 - 6 May 2025	14225283
15.	千万里银饰	PRC	Shenzhen Guoyintongbao	14	14 May 2015 - 13 May 2025	14314596
16.	瑞福添宝	PRC	Shenzhen Guoyintongbao	14	14 August 2015 - 13 August 2025	15018210
17.	泰宗银	PRC	Shenzhen Guoyintongbao	14	7 June 2015 - 6 June 2025	14271899
18.	小银袋	PRC	Shenzhen Guoyintongbao	14	28 May 2016 - 27 May 2026	16619377
19.	忆旧松	PRC	Shenzhen Guoyintongbao	14	21 October 2015 - 20 October 2025	15286174
20.	CSmall	PRC	Shenzhen Guoyintongbao	35	28 June 2016 - 27 June 2026	13763854
21.	金猫银猫	PRC	Shenzhen Guoyintongbao	35	28 August 2015 - 27 August 2025	14762982
22.	小银袋	PRC	Shenzhen Guoyintongbao	35	28 May 2016 - 27 May 2026	16619527

No.	Trademark	Place of registration	Registered owner	Class(es)	Term of validity	Registration no.
23.	CSmall	PRC	Shenzhen Guoyintongbao	36	14 June 2015 - 13 June 2025	13763897
24.	小银袋	PRC	Shenzhen Guoyintongbao	36	7 June 2016 - 6 June 2026	16619611
25.	CSmall	PRC	Shenzhen Guoyintongbao	37	14 June 2015 - 13 June 2025	13763953
26.	CSmall	PRC	Shenzhen Guoyintongbao	39	14 June 2015 - 13 June 2025	13764036
27.	CSmall	PRC	Shenzhen Guoyintongbao	40	14 June 2015 - 13 June 2025	13764090
28.	CSmall	PRC	Shenzhen Guoyintongbao	42	7 July 2015 - 6 July 2025	13764156
29.	养心茶盏	PRC	Shenzhen Guoyintongbao	21	14 October 2016 - 13 October 2026	17816305
30.	净水心壶	PRC	Shenzhen Guoyintongbao	21	14 October 2016 - 13 October 2026	17816216
31.	尊梵	PRC	Shenzhen Guoyintongbao(1)	14	14 June 2013 - 13 June 2023	10725237
32.	尊梵	PRC	Shenzhen Guoyintongbao(1)	6	14 June 2013 - 13 June 2023	10725239
33.	尊梵	PRC	Shenzhen Guoyintongbao(1)	40	14 June 2013 - 13 June 2023	10725234
34.	尊梵	PRC	Shenzhen Guoyintongbao(1)	35	14 June 2013 - 13 June 2023	10725235
35.	臻汇银	PRC	Shenzhen Guoyintongbao(1)	35	14 August 2013 - 13 August 2023	10900533
36.	臻汇银	PRC	Shenzhen Guoyintongbao(1)	14	14 August 2013 - 13 August 2023	10900532
37.	贝贝银	PRC	Shenzhen Guoyintongbao	14	14 July 2016 - 13 July 2026	14204048
38.	CSmall 金猫银猫	PRC	Shenzhen Guoyintongbao	35	14 June 2017 - 13 June 2027	19027684
39.	金猫银猫 CSmall	PRC	Shenzhen Guoyintongbao	35	14 June 2017 - 13 June 2027	19027715
40.	MQUA	PRC	Shenzhen Guoyintongbao	14	14 July 2017 - 13 July 2027	17785940

No.	Trademark	Place of registration	Registered owner	Class(es)	Term of validity	Registration no.
41.	CSmall.Gift JEWELRY ONLY IN CSMALL	PRC	Shenzhen Guoyintongbao	14	7 December 2017 - 6 December 2027	21606890
42.	CSmall.Gift JEWELRY ONLY IN CSMALL	PRC	Shenzhen Guoyintongbao	35	7 December 2017 - 6 December 2027	21606731
43.		PRC	Jingning Sheyin	14	14 November 2017 - 13 November 2027	21357403
44.		PRC	Jingning Sheyin	35	14 November 2017 - 13 November 2027	21357448
45.		PRC	Jingning Sheyin	35	21 December 2017 - 20 December 2027	21814202

Note:

(1) This trademark was initially registered by Longtianyong and was subsequently assigned to Shenzhen Guoyintongbao on 1 January 2017.

As of the Latest Practicable Date, we had applied for registration of the following trademarks which we consider to be material to our business:

No.	Trademark	Place of application	Applicant	Class(es)	Date of application	Application no.
1.	国银通宝	PRC	Shenzhen Guoyintongbao	14	30 June 2016	20494491
2.	CSmall 金猫银猫	PRC	Shenzhen Guoyintongbao	14	29 January 2016	19027605
3.	畲银小镇	PRC	Jingning Sheyin	14	20 September 2016	21357225
4.		PRC	Jingning Sheyin	14	7 November 2016	21814093
5.	畲银小镇	PRC	Jingning Sheyin	35	20 September 2016	21357370
6.	猫券	PRC	Shenzhen Guoyintongbao	14	17 March 2017	23200479

No.	Trademark	Place of application	Applicant	Class(es)	Date of application	Application no.
7.	猫券	PRC	Shenzhen Guoyintongbao	14	11 July 2017	25270507
8.	净水心壶	PRC	Shenzhen Guoyintongbao	14	28 December 2017	28394720
9.	养心茶盏	PRC	Shenzhen Guoyintongbao	14	28 December 2017	28394729

(b) Design Patents

As of the Latest Practicable Date, we had registered the following design patents which we consider to be material to our business:

No.	Design	Place of application	Registered owner	Date of application	Date of publication	Patent no.
1.	手鐲(開口光面手鐲) 	PRC	Shenzhen Guoyintongbao	8 September 2015	2 March 2016	ZL 2015 3 0344201.9
2.	串珠(螺旋紋串珠) 	PRC	Shenzhen Guoyintongbao	8 September 2015	2 March 2016	ZL2015 3 0344341.6
3.	手鏈(蛇骨手鏈) 	PRC	Shenzhen Guoyintongbao	8 September 2015	13 January 2016	ZL 2015 3 0344408.6
4.	飾品(琉璃珠) 	PRC	Shenzhen Guoyintongbao	8 September 2015	2 March 2016	ZL 2015 3 0344535.6
5.	吊墜(皇袍加身系列) 	PRC	Shenzhen Guoyintongbao	18 September 2014	27 May 2015	ZL 2014 3 0346519.6
6.	吊墜(天使光環) 	PRC	Shenzhen Guoyintongbao	23 December 2015	10 August 2016	ZL 2015 3 0552649.X

No.	Design	Place of application	Registered owner	Date of application	Date of publication	Patent no.
7.	吊墜(幸福印記•愛悸動) 	PRC	Shenzhen Guoyintongbao	23 December 2015	10 August 2016	ZL 2015 3 0552723.8
8.	耳環(悅•享) 	PRC	Shenzhen Guoyintongbao	23 December 2015	10 August 2016	ZL 2015 3 0552530.2
9.	工藝筆(如意金箍棒) 	PRC	Shenzhen Guoyintongbao	15 October 2015	4 May 2016	ZL 2015 3 0398654.X
10.	手鐲(皇袍加身系列) 	PRC	Shenzhen Guoyintongbao	18 September 2014	6 May 2015	ZL 2014 3 0346455.X
11.	項鍊(緣•美) 	PRC	Shenzhen Guoyintongbao	23 December 2015	10 August 2016	ZL 2015 3 0552665.9
12.	銀條(羊年節節高升) 	PRC	Shenzhen Guoyintongbao	20 June 2014	7 January 2015	ZL 2014 3 0193915.X
13.	工藝擺件(康熙御筆心經銀香筒) 	PRC	Shenzhen Guoyintongbao	5 November 2014	3 June 2015	ZL 2014 3 0431489.9

No.	Design	Place of application	Registered owner	Date of application	Date of publication	Patent no.
14.	手鐲(康熙御筆心經手鐲) 	PRC	Shenzhen Guoyintongbao	10 June 2015	16 December 2015	ZL 2015 3 0187667.2
15.	車掛(康熙御筆心經車掛) 	PRC	Shenzhen Guoyintongbao	10 June 2015	9 December 2015	ZL 2015 3 0187666.8
16.	吊墜(康熙御筆心經吊墜) 	PRC	Shenzhen Guoyintongbao	10 June 2015	16 December 2015	ZL 2015 3 0187614.0
17.	吊墜(金貓銀貓時尚星秀) 	PRC	Shenzhen Guoyintongbao	15 December 2016	24 May 2017	ZL 2016 3 0620808.X
18.	吊墜(中華姓氏銀葫蘆) 	PRC	Shenzhen Guoyintongbao	18 April 2017	20 October 2017	ZL2017.3 0130336.4
19.	手串(中華姓氏傳世銀玉) 	PRC	Shenzhen Guoyintongbao	18 April 2017	2 January 2018	ZL2017 3 0130314.8

(c) Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be material to our business:

No.	Software	Version	Registered owner	Date of registration	Registration no.
1.	CSmall e-commerce system (PC) (金貓銀貓電商系統(PC版))	V1.0	Shenzhen Yunpeng	20 March 2017	2017SR083323
2.	CSmall e-commerce system (mobile) (金貓銀貓電商系統(移動版))	V1.0	Shenzhen Yunpeng	20 March 2017	2017SR083291
3.	CSmall micro-distribution system (金貓銀貓微分銷系統)	V1.0	Shenzhen Yunpeng	16 March 2017	2017SR080599
4.	CSmall store management system (金貓銀貓門店管理系統)	V1.0	Shenzhen Yunpeng	16 March 2017	2017SR080562
5.	CSmall order processing system (金貓銀貓商城訂單處理系統)	V1.0	Shenzhen Yunpeng	16 March 2017	2017SR080557
6.	CSmall e-commerce app (Android) (金貓銀貓電商APP軟件(安卓版))	V1.0	Shenzhen Yunpeng	13 April 2017	2017SR113042
7.	CSmall e-commerce app (Apple) (金貓銀貓電商APP軟件(蘋果版))	V1.0	Shenzhen Yunpeng	13 April 2017	2017SR112840
8.	CSmall e-commerce app (server-side) (金貓銀貓電商APP軟件(服務端))	V1.0	Shenzhen Yunpeng	13 April 2017	2017SR112846

(d) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be material to our business:

No.	Domain name	Registrant	Date of registration	Date of expiration
1.	chinasilvergroup.com	Shenzhen Guoyintongbao	7 November 2016	7 November 2018
2.	silvertownlet.com	Baiyin Town	7 November 2016	7 November 2018
3.	csmall.cn	Baiyin Town(1)	6 October 2006	6 October 2019
4.	csmall.com.cn	Baiyin Town(1)	25 November 2012	25 November 2019
5.	csmall.com	Baiyin Town(1)	7 May 2004	7 May 2019

Note:

(1) This domain name was initially registered by Shenzhen Yinruiji and was subsequently assigned to Baiyin Town on 10 August 2017.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Interests Disclosable under the SFO and Substantial Shareholders

(a) Directors' and Chief Executives' Interests and Short Positions in the Share Capital and Debentures of Our Company

Immediately following completion of the Global Offering (but without taking account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option), the interests or short positions of our Directors and chief executives in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model

Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

Name of Director or chief executive	Nature of interest	Number of Shares[(1)]	Approximate percentage of interest in our Company
Mr. Chen[(2)]	Interest in a controlled corporation	21,250,000	2.55%
Mr. Qian[(3)]	Interest in a controlled corporation	14,500,000	1.74%
Mr. Zhang[(4)]	Interest in a controlled corporation	12,500,000	1.50%

(1) All interests stated are long positions.

(2) Silver Apex is directly wholly owned by Mr. Chen. Accordingly, Mr. Chen is deemed to be interested in the 21,250,000 Shares held by Silver Apex by virtue of the SFO.

(3) Treasure Delight is directly wholly owned by Mr. Qian. Accordingly, Mr. Qian is deemed to be interested in the 14,500,000 Shares held by Treasure Delight by virtue of the SFO.

(4) Diamond Port is directly wholly owned by Mr. Zhang. Accordingly, Mr. Zhang is deemed to be interested in the 12,500,000 Shares held by Diamond Port by virtue of the SFO.

(b) Substantial Shareholders

For information on the persons who will, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), have or be deemed or taken to have an interest and/or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, please see "Substantial Shareholders".

2. Particulars of Directors' Service Contracts

(a) Directors' Service Contracts

Each of our Directors has entered into a service contract with our Company for a term of three years until terminated by not less than three months' notice in writing served by either party on the other.

Except as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by us within one year without the payment of compensation (other than statutory compensation).

(b) Directors' Remuneration

For details of the Directors' remuneration, please see "Directors and Senior Management — Directors' and Senior Management's Remuneration".

3. Agency Fees or Commissions Received

The Sole Global Coordinator will receive an underwriting commission and the Company may pay a discretionary incentive fee in connection with the Underwriting Agreements, as detailed in "Underwriting — Underwriting Arrangements and Expenses — Commissions and Expenses". Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed in the paragraph entitled "7. Qualification of Experts" in the section entitled "E. Other Information" in this Appendix had received any commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

4. Related Party Transactions

During the two years preceding the date of this prospectus, we have engaged in the significant transactions with related parties as described in note 30 to the Accountant's Report set out in Appendix I to this prospectus.

5. Indemnity Given by the Controlling Shareholder

China Silver Group has entered into the Deed of Indemnity in favour of our Company (for itself and as trustee for each of its present subsidiaries) to provide indemnities in respect of:

(1) taxation falling on any member of our Group resulting from or by reference to (i) any revenue (including any form of government financial assistance, subsidy or rebate) income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the date on which the Deed of Indemnity becomes unconditional; or (ii) any transactions, matters, things, event, act or omission occurring or deemed to occur on or before such date; and

(2) all costs (including all legal costs), expenses, interests, penalties, fines, charges or other liabilities which any of member of our Group may properly incur in connection with (i) the investigation, assessment or the contesting of any claim for taxation ("**Taxation Claim**"); (ii) the settlement of any Taxation Claim; (iii) any legal proceedings in which any member of our Group claim under or in respect of the Deed of Indemnity, and in which judgment is given for any member of our Group; or (iv) the enforcement of any settlement or judgment given for any member of our Group in respect of any claim under or in respect of the Deed of Indemnity.

China Silver Group shall not be liable under the Deed of Indemnity in respect of taxation:

(1) to the extent that provision has been made for such taxation in the audited accounts of members of our Group or any of them for an accounting period ended on or before 31 December 2016;

(2) to the extent that such taxation arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other statutory or governmental authority in Hong Kong or any other part of the world having retrospective effect coming into force after the date on which the Deed of Indemnity becomes unconditional or to the extent that such taxation arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;

(3) to the extent that such taxation is discharged by another person who is not a member of our Group and none of the members of our Group is required to reimburse such person in respect of the discharge of such taxation;

(4) to the extent of any provision or reserve made for taxation in the audited accounts referred to in (1) above which is finally established to be an over-provision or an excessive reserve, provided that the amount of any such provision or reserve applied to reduce the liability of China Silver Group in respect of taxation shall not be available in respect of any other taxation for which China Silver Group is also liable under the Deed of Indemnity; or

(5) to the extent that such taxation would not have arisen but for a voluntary act or transaction carried out by any member of our Group after the date on which the Deed of Indemnity becomes unconditional.

The obligations of China Silver Group under the Deed of Indemnity will be conditional upon, among other things, the commencement of dealings in our Shares on the Stock Exchange.

D. DISCLAIMERS

Save as disclosed in this prospectus:

(a) none of our Directors or chief executives has any interests and short positions in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange;

(b) so far as is known to any of our Directors or chief executives, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;

(c) none of our Directors nor any of the parties listed in "— E. Other Information — 7. Qualification of Experts" of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;

(d) save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of our Directors nor any of the parties listed in "— E. Other Information — 7. Qualification of Experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(e) in connection with the Underwriting Agreements, none of the parties listed in "— E. Other Information — 7. Qualification of Experts" of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(f) none of our Directors or their respective associates (as defined under the Listing Rules) or any of our Shareholders (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest revenue payment collection channels.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance and, so far as our Directors are aware, no litigation, arbitration or claim of material importance was pending or threatened against us.

3. Sole Sponsor

The Sole Sponsor will be paid by our Company a total fee of HK$6,000,000 to act as sponsor to our Company in connection with the Listing.

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

4. Preliminary Expenses

Our preliminary expenses incurred by us in relation to our incorporation were approximately US$1,098 and were paid by our Company.

5. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

6. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

7. Qualification of Experts

The qualifications of the experts who have given opinions or advice which are contained in this prospectus are as follows:

Name	Qualification
China Merchants Securities (HK) Co., Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (advising on asset management) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Jingtian & Gongcheng	Legal adviser as to PRC law
Ogier	Legal adviser as to Cayman Islands law and BVI law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

8. Consents of Experts

Each of the experts as referred to in the paragraph headed "7. Qualification of Experts" above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of its reports, letters, and/or opinions (as the case may be) and the references to its names included in the form and context in which it respectively appears.

9. Promoters

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed above, within the two years preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to any promoters in connection with the Global Offering or the related transactions described in this prospectus.

10. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no founders or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;

(iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

(v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries.

(b) Our Group had not issued any debentures nor did it have any outstanding debentures or any convertible debt securities.

(c) Our Directors confirm that:

(i) there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2016 (being the date to which the latest audited consolidated financial statements of the Group were prepared); and

(ii) there is no arrangement under which future dividends are waived or agreed to be waived; and

(iii) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

(d) Subject to the provisions of the Cayman Islands Companies Law, the register of members of our Company will be maintained in the Cayman Islands by Intertrust Corporate Services (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by our Hong Kong Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

(e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.

(f) No company within our Group is presently listed on any stock exchange or traded on any trading system.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, copies of the **WHITE**, **YELLOW** and **GREEN** application forms, certified copies of the written consents referred to in "E. Other Information — 8. Consents of Experts" in Appendix V to this prospectus, and certified copies of the material contracts referred to in "B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sullivan & Cromwell (Hong Kong) LLP at 28th Floor, Nine Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(i) our Memorandum and Articles of Association;

(ii) the Accountants' Report prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendix I to this prospectus;

(iii) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(iv) the letters from Deloitte Touche Tohmatsu and the Sole Sponsor relating to the profit estimate, the texts of which are set out in Appendix III to this prospectus;

(v) the audited consolidated financial statements of our Group for the years ended 31 December 2014, 2015 and 2016 and the ten months ended 31 October 2017;

(vi) the legal opinion issued by Jingtian & Gongcheng, our legal adviser as to PRC law, in respect of certain aspects of the Group;

(vii) the legal opinion issued by Ogier, our legal advisor as to Cayman Islands law and BVI law, summarizing the constitution of our Company and certain aspects of Cayman Islands Companies Law referred to in "Summary of the Constitution and Cayman Islands Companies Law" in Appendix IV to this prospectus;

(viii) the Cayman Islands Companies Law;

(ix) copies of material contracts referred to in "B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix V to this prospectus;

(x) the written consents referred to in "E. Other Information — 8. Consents of Experts" in Appendix V to this prospectus;

(xi) service contracts entered into between our Company and each of the Directors (as applicable); and

(xii) the Frost & Sullivan Report.

金貓銀貓集團有限公司
CSMall Group Limited