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HONG KONG CHAOSHANG GROUP LIMITED

香港潮商集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

DISCLOSEABLE TRANSACTION INVOLVING FINANCE LEASE ARRANGEMENTS AND FACTORING FACILITY AGREEMENT

THE FINANCE LEASE ARRANGEMENT I

The Board would like to announce that on 16 January 2020, the Lessor, being an indirect wholly-owned subsidiary of the Company, and the Lessee I entered into the Master Sale and Leaseback Agreement I and the Sale and Purchase Agreement I at the Consideration I of RMB6,000,000 (equivalent to approximately HK\$6,618,600) for the Leased Assets I.

As security for the due and punctual performance of the Lessee I's obligations under the Master Sale and Leaseback Agreement I and the Sale and Purchase Agreement I, on 16 January 2020, the Lessee I has procured and each of Guarantor A, Guarantor B, Guarantor C, Guarantor D, Guarantor E and Guarantor F has executed Guarantee Letter IA, Guarantee Letter IB, Guarantee Letter IC, Guarantee Letter ID, Guarantee Letter IE and Guarantee Letter IF in favour of the Lessor, respectively.

THE FINANCE LEASE ARRANGEMENT II

On the same day, the Lessor and the Lessee II entered into the Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II at the Consideration II of RMB5,000,000 (equivalent to approximately HK\$5,515,500) for the Leased Assets II.

As security for the due and punctual performance of the Lessee II's obligations under the Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II, on 16 January 2020, the Lessee II has procured and each of Guarantor C, Guarantor D, Guarantor E, Guarantor F and Guarantor G has executed Guarantee Letter IIC, Guarantee Letter IID, Guarantee Letter IIE, Guarantee Letter IIF and Guarantee Letter IIG in favour of the Lessor, respectively.

FACTORING FACILITY AGREEMENT

On 8 April 2020 (after the trading hours of the Stock Exchange), Noble Century Factoring, being an indirect wholly-owned subsidiary of the Company, entered into the Factoring Facility Agreement with Lessee I, pursuant to which Noble Century Factoring agreed to provide a factoring facility in a maximum factoring principal amount of RMB8,000,000 (equivalent to approximately HK\$8,824,800) to Lessee I for a period commencing from the date of the Factoring Facility Agreement and ending on 7 April 2021, in return for the factoring interest and the transfer of accounts receivable of Lessee I to Noble Century Factoring.

As security for the due and punctual performance of Lessee I's obligations under the Factoring Facility Agreement, on 8 April 2020, the Lessee I procured and each of Guarantor A, Guarantor B, Guarantor C, Guarantor D, Guarantor E and Guarantor F entered into the Guarantee A, Guarantee B, Guarantee C, Guarantee D, Guarantee E and Guarantee F, respectively.

LISTING RULES IMPLICATIONS

At the material time when the Finance Lease Arrangement I and the Finance Lease Arrangement II were entered into, as all the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement I and the Finance Lease Arrangement II, when aggregated, were less than 5%, the entering into of the Finance Lease Arrangement I and the Finance Lease Arrangement II did not constitute a notifiable transaction on the part of the Company under the Listing Rules and was not subject to the notification, announcement and the Shareholders' approval requirements of Chapter 14 of the Listing Rules at the material time when the Finance Lease Arrangement I and the Finance Lease Arrangement II were entered into.

The transactions contemplated under the Finance Lease Arrangement I, the Finance Lease Arrangement II and the Factoring Facility Agreement are aggregated on the basis that they are entered into by the Group with parties associated with one another, namely Lessee I and Lessee II, of which Lessee II is owned as to 60% by Lessee I, and shall be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement I, the Finance Lease Arrangement II and the Factoring Facility Agreement, when aggregated, is more than 5% but less than 25%, the entering into of the Finance Lease Arrangement I, the Finance Lease Arrangement II and the Factoring Facility Agreement constitutes a discloseable transaction on the part of the Company under the Listing Rules and is subject to the notification and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND

The Board would like to announce that on 16 January 2020, the Lessor, being an indirect wholly-owned subsidiary of the Company, and the Lessee I entered into the Master Sale and Leaseback Agreement I and the Sale and Purchase Agreement I at the Consideration I of RMB6,000,000 (equivalent to approximately HK\$6,618,600) for the Leased Assets I.

On the same day, the Lessor and the Lessee II entered into the Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II at the Consideration II of RMB5,000,000 (equivalent to approximately HK\$5,515,500) for the Leased Assets II.

On 8 April 2020 (after the trading hours of the Stock Exchange), Noble Century Factoring, being an indirect wholly-owned subsidiary of the Company, entered into the Factoring Facility Agreement with Lessee I, pursuant to which Noble Century Factoring agreed to provide a factoring facility in a maximum factoring principal amount of RMB8,000,000 (equivalent to approximately HK\$8,824,800) to Lessee I for a period commencing from the date of the Factoring Facility Agreement and ending on 7 April 2021, in return for the factoring interest and the transfer of accounts receivable of Lessee I to Noble Century Factoring.

THE MASTER SALE AND LEASEBACK AGREEMENT I, THE SALE AND PURCHASE AGREEMENT I, THE MASTER SALE AND LEASEBACK AGREEMENT II AND THE SALE AND PURCHASE AGREEMENT II

The principal terms of (i) the Master Sale and Leaseback Agreement I and the Sale and Purchase Agreement I; and (ii) the Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II are set out below:

	The Master Sale and Leaseback Agreement I and the Sale and Purchase Agreement I	The Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II
Date:	16 January 2020	16 January 2020
Parties:	<p>(i) the Lessor; and</p> <p>(ii) the Lessee I.</p> <p>The Lessee I is a company established in the PRC with limited liability and principally engaged in provision of light current engineering and telecom agency services. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Lessee I and its ultimate beneficial owner(s) is an Independent Third Party.</p>	<p>(i) the Lessor; and</p> <p>(ii) the Lessee II.</p> <p>The Lessee II is a company established in the PRC with limited liability and principally engaged in provision of light current engineering and telecom agency services. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Lessee II and its ultimate beneficial owner(s) is an Independent Third Party.</p>
Consideration:	<p>The Consideration I, being the amount of consideration paid by the Lessor to the Lessee I for the Leased Assets I shall be in the sum of RMB6,000,000 (equivalent to approximately HK\$6,618,600). The Consideration I shall bear an interest rate of 7% per annum.</p> <p>The Consideration I shall be settled within seven (7) days from the date on which the conditions contained therein are fulfilled, including but not limited to, (i) the delivery of the duly executed Master Sale and Leaseback Agreement I, Sale and Purchase Agreement I and Guarantee Letters I; (ii) the valuation of the Leased Assets I having been issued by the valuer approved by the Lessor; (iii) the Lessee I having paid the Deposit I and other expenses; and (iv) the Lessee I having arranged insurance for the Leased Assets I in favour of the Lessor as the sole beneficiary and the Lessor having received the relevant original insurance documents for the same.</p>	<p>The Consideration II, being the amount of consideration paid by the Lessor to the Lessee II for the Leased Assets II shall be in the sum of RMB5,000,000 (equivalent to approximately HK\$5,515,500). The Consideration II shall bear an interest rate of 7% per annum.</p> <p>The Consideration II shall be settled within seven (7) days from the date on which the conditions contained therein are fulfilled, including but not limited to, (i) the delivery of the duly executed Master Sale and Leaseback Agreement II, the Sale and Purchase Agreement II and Guarantee Letters II; (ii) the valuation of the Leased Assets II having been issued by the valuer approved by the Lessor; (iii) the Lessee II having paid the Deposit II and other expenses; and (iv) the Lessee II having arranged insurance for the Leased Assets II in favour of the Lessor as the sole beneficiary and the Lessor having received the relevant original insurance documents for the same.</p>

The Master Sale and Leaseback Agreement I and the Sale and Purchase Agreement I

As at the date of this announcement, (i) the Consideration I has been fully settled by the Lessor; and (ii) the outstanding principal amount due from the Lessee I under the Finance Lease Arrangement I was RMB5,930,000 (equivalent to approximately HK\$6,541,383).

The Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II

As at the date of this announcement, (i) the Consideration II has been fully settled by the Lessor; and (ii) the outstanding principal amount due from the Lessee II under the Finance Lease Arrangement II was RMB4,941,678 (equivalent to approximately HK\$5,451,165).

Each of the Consideration I and the Consideration II was financed by internal resources of the Group.

Each of the Consideration I and the Consideration II was arrived at after arm's length negotiation between the Group and each of the Lessees with reference to the following factors, (i) taking each of the Finance Lease Arrangements as a whole, each of the Consideration I and the Consideration II was in effect the principal amount of the loan to be advanced by the Lessor to each of the Lessees, with each of the Leased Assets I and the Leased Assets II as collateral respectively; and (ii) the reasons and benefits as detailed in the section headed "Reasons for and benefits of the transaction" below.

Repayment:

The Lessee I shall repay the Lessor the full amount of the Consideration I and the interest accrued thereon by thirty-six (36) monthly installments of which:

- (i) the first installment shall be RMB101,690 (equivalent to approximately HK\$112,174);
- (ii) the second to sixth installments shall be RMB101,666 (equivalent to approximately HK\$112,148) each;
- (iii) the seventh installment shall be RMB801,666 (equivalent to approximately HK\$884,318);
- (iv) the eighth to thirty-sixth installments shall be RMB201,666 (equivalent to approximately HK\$222,458) each.

The Lessee II shall repay the Lessor the full amount of the Consideration II and the interest accrued thereon by thirty-six (36) monthly installments of which:

- (i) the first installment shall be RMB68,040 (equivalent to approximately HK\$75,055);
- (ii) the second to sixth installments shall be RMB68,056 (equivalent to approximately HK\$75,073) each;
- (iii) the seventh installment shall be RMB768,056 (equivalent to approximately HK\$847,243); and
- (iv) the eighth to thirty-sixth installments shall be RMB168,056 (equivalent to approximately HK\$185,383) each.

Sale and leaseback of the leased assets and the obligations of the Lessee:

The Lessor shall buy and the Lessee I shall sell the Leased Assets I at the consideration of RMB6,000,000 (equivalent to approximately HK\$6,618,600) and the Lessor shall then lease back the Leased Assets I to the Lessee I for a lease period of 36 months commencing from the date on which the Consideration I is made to the Lessee I.

The Lessor shall buy and the Lessee II shall sell the Leased Assets II at the consideration of RMB5,000,000 (equivalent to approximately HK\$5,515,500) and the Lessor shall then lease back the Leased Assets II to the Lessee II for a lease period of 36 months commencing from the date on which the Consideration II is made to the Lessee II.

The Master Sale and Leaseback Agreement I and the Sale and Purchase Agreement I

The Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II

The Leased Assets I are principally comprised of telecommunication equipment (the “**Leased Assets I**”). As at 11 November 2019, the Leased Assets I were valued by an independent professional valuer at RMB6,992,220 (equivalent to approximately HK\$7,713,118) on a cost approach.

The Leased Assets II are principally comprised of telecommunication equipment (the “**Leased Assets II**”). As at 11 November 2019, the Leased Assets II were valued by an independent professional valuer at RMB6,421,200 (equivalent to approximately HK\$7,083,226) on a cost approach.

Each of the Lessees shall have the discretion in determining, and therefore be responsible for the accuracy and completeness of the details of each of the Leased Assets I and the Leased Assets II, including but not limited to the name, specification, model, quality, quantity, technology standard, technology warranty, price and delivery time.

Lease

consideration:

In consideration of the finance lease service provided by the Lessor, each of the Lessees shall pay the Lessor the rents and other monies payable. The obligations of each of the Lessees to pay the relevant rents and other monies payable under each of the Finance Lease Arrangements respectively shall be absolute and unconditional, which shall not be subject to any deduction, setoff or conditional upon any other conditions.

The Lessor shall have the right to charge default interest on the due and unpaid amount of the rents or other monies outstanding under each of the Finance Lease Arrangements at 0.06% per day, calculated from the date on which such amount become due and unpaid and up to the date on which such amount is fully settled. If the relevant payment is overdue for more than 15 days, the Lessor has the right to unilaterally terminate each of the Master Sale and Leaseback Agreements.

Deposit:

The Lessee I shall pay a deposit (the “**Deposit I**”) of RMB480,000 (equivalent to approximately HK\$529,488), being an amount equal to 8% of the Consideration I, on the date on which the Consideration I is made to the Lessee I.

The Lessee II shall pay a deposit (the “**Deposit II**”) of RMB400,000 (equivalent to approximately HK\$441,240), being an amount equal to 8% of the Consideration II, on the date on which the Consideration II is made to the Lessee II.

If no default is committed by each of the Lessees, the Lessor shall return each of the Deposit I and the Deposit II to the Lessee I and the Lessee II respectively within seven (7) Business Days after the expiry of the lease period under each of the Finance Lease Arrangements.

The Master Sale and Leaseback Agreement I and the Sale and Purchase Agreement I

The Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II

Handling fee:	The Lessee I shall pay a handling fee of RMB180,000 (equivalent to approximately HK\$198,558) (the “ Handling Fee I ”), being an amount equal to 3% of the Consideration I, on the date on which the Consideration I is made to the Lessee I. The Handling Fee I is non-refundable in any event.	The Lessee II shall pay a handling fee of RMB150,000 (equivalent to approximately HK\$165,465) (the “ Handling Fee II ”), being an amount equal to 3% of the Consideration II, on the date on which the Consideration II is made to the Lessee II. The Handling Fee II is non-refundable in any event.
Early termination:	Each of the Lessees may, by serving a thirty (30) days’ prior written notice to the Lessor and upon obtaining the written consent from the Lessor, terminate each of the Finance Lease Arrangements respectively, provided that each of the Lessees has repaid in full the following sums five (5) days before the next repayment date after the date of written consent issued by the Lessor: (i) a termination fee of the Finance Lease Arrangement I, being 105% of the outstanding principal amount of the rents, whether or not due and payable, as at the termination date of the Finance Lease Arrangement I; (ii) a buyback fee in the amount of RMB6,000 (equivalent to approximately HK\$6,619) (the “ Buyback Fee I ”); (iii) all default interest (if any); and (iv) any other monies payable by the Lessee I.	Each of the Lessees may, by serving a thirty (30) days’ prior written notice to the Lessor and upon obtaining the written consent from the Lessor, terminate each of the Finance Lease Arrangements respectively, provided that each of the Lessees has repaid in full the following sums five (5) days before the next repayment date after the date of written consent issued by the Lessor: (i) a termination fee of the Finance Lease Arrangement II, being 105% of the outstanding principal amount of the rents, whether or not due and payable, as at the termination date of the Finance Lease Arrangement II; (ii) a buyback fee in the amount of RMB4,000 (equivalent to approximately HK\$4,412) (the “ Buyback Fee II ”); (iii) all default interest (if any); and (iv) any other monies payable by the Lessee II.
	Subject to the above repayments having been made by the Lessee I and/or the Lessee II (as the case may be) to the Lessor, upon the termination of the Finance Lease Arrangement(s), the ownership of the Leased Assets I and/or the Leased Assets II shall pass to the Lessee I and/or the Lessee II (as the case may be) on an “as is” basis. The Lessor shall not provide any undertaking or warranty to each of the Lessees, and shall not be responsible for the physical delivery of each of the Leased Assets I and the Leased Assets II. For the avoidance of doubt, the Lessor has no right to terminate each of the Master Sale and Leaseback Agreements prior to the end of the lease period of each of the Finance Lease Arrangements without mutual consent from the Lessor and the Lessee I or the Lessee II (as the case may be).	
Legal ownership and the use of the leased assets:	During the lease period, the Lessor shall have the legal ownership of each of the Leased Assets I and the Leased Assets II and each of the Lessees shall have the right to possess, use and income from each of the Leased Assets I and the Leased Assets II respectively.	

**The Master Sale and Leaseback
Agreement I and the Sale and
Purchase Agreement I**

**The Master Sale and Leaseback
Agreement II and the Sale and
Purchase Agreement II**

Compensation: In the event that the Leased Assets I and/or the Leased Assets II (as the case may be) cause any personal injuries and/or financial losses on third parties, the Lessor shall not be liable therefor and the Lessee I and/or the Lessee II (as the case may be) shall fully indemnify the Lessor for any claims, losses and costs in relation thereto.

Risk: Each of the Lessees shall, during the term of each of the Master Sale and Leaseback Agreements, take all risks in relation to each of the Leased Assets I and the Leased Assets II respectively.

If each of the Leased Assets I and the Leased Assets II are damaged (save for normal wear and tear), lost, confiscated, seized, expropriated, or unusable, each of the Lessees shall immediately notify the Lessor and be responsible for the repair or replacement thereof and the costs incurred. The payment obligations of each of the Lessees under the finance lease arrangement shall not be affected in the aforementioned circumstances.

If each of the Leased Assets I and the Leased Assets II suffer total loss, each of the Lessees shall pay to the Lessor immediately (i) the rents due and payable, the rents not yet due and payable, the default interest, the default payment (being an amount equal to 20% of the rents due and unpaid, default interest, Buyback Fee and rents not yet due and payable) and damages; (ii) the Buyback Fee(s); and (iii) any other monies payable by the Lessee. Immediately upon receiving the above payments, the finance lease arrangement shall be terminated, the ownership of each of the Leased Assets I and the Leased Assets II shall automatically pass to each of the Lessees respectively on an "as is" basis, and all the Lessees' obligations thereunder shall be absolutely discharged and released in all aspects.

Insurance: During the lease period and for the three (3) months immediately after the expiry of the same, each of the Lessees shall keep each of the Leased Assets I and the Leased Assets II insured respectively and be responsible for all costs incurred, with the Lessor being named as the first beneficiary.

Transfer: Without prior written consent of the Lessor, (i) each of the Lessees shall not dispose of, transfer, sublet, lend, mortgage, invest or take other actions which may affect the legal ownership of the Lessor; and (ii) each of the Lessees or any third parties shall not exercise a lien over each of the Leased Asset I and the Leased Assets II respectively.

Default: If the Lessee I and/or the Lessee II default(s), or the Lessor requests to terminate the Finance Lease Arrangement(s) due to the fault of the Lessee I and/or the Lessee II, the Lessor shall be entitled to, among others, (i) forfeit the Deposit(s) and demand repayment of all outstanding rents and other monies, whether it has become due and payable by the Lessee I and/or the Lessee II; (ii) terminate the Finance Lease Arrangement(s) forthwith and take possession of or prohibit the Lessee I and/or the Lessee II from using the Leased Assets I and/or the Leased Assets II; and (iii) claim for compensation for any losses or costs incurred against the Lessee I and/or the Lessee II.

In the event that the Lessee I and/or the Lessee II default(s) and the Leased Assets I and/or the Leased Assets II are sold or disposed of by the Lessor, all proceeds arising thereof shall first be applied towards the settlement of the costs and expenses incurred by the Lessor in taking possession of, the sale of and/or the disposition of the Leased Assets I and/or the Leased Assets II, followed by the settlement of all outstanding amount due from the Lessee I and/or the Lessee II under the Finance Lease Arrangement(s), and lastly any other outstanding monies payable. In the event that such proceeds are insufficient to cover the above amounts, the Lessee I and/or the Lessee II is contractually obliged to compensate for the shortfall.

**The Master Sale and Leaseback
Agreement I and the Sale and
Purchase Agreement I**

**The Master Sale and Leaseback
Agreement II and the Sale and
Purchase Agreement II**

- Guarantee:** During the term of each of the Master Sale and Leaseback Agreements, in the event that there is, among others, impairment on the creditworthiness of the guarantor(s), the Lessor is entitled to request and each of the Lessees shall substitute the guarantee with a new guarantor or provide other security as approved and/or accepted by the Lessor.
- Options upon the expiry of the lease period:** Upon the expiry of the lease period of, and each of the Lessees' fulfilment of all its obligations under, each of the Finance Lease Arrangements, each of the Lessees may elect to, among others, (i) return each of the Leased Assets I and the Leased Assets II to the Lessor in complete and good condition (save as normal wear and tear); (ii) buy back each of the Leased Assets I and the Leased Assets II; or (iii) extend the lease period, respectively. In the event that the Lessee I and/or the Lessee II elect(s) to return the Leased Assets I and/or the Leased Assets II, the Lessee I and/or the Lessee II should return the Leased Assets I and/or the Leased Assets II to the Lessor at its own expenses and warrant the complete and good condition of the same (save for normal wear and tear). In the event that the Lessee I and/or the Lessee II elect(s) to buy back the Leased Assets I and/or the Leased Assets II, the Lessee I and/or the Lessee II shall pay the Lessor the Buyback Fee(s), and the Lessor shall pass the ownership of the Leased Assets I and/or the Leased Assets II to the Lessee I and/or the Lessee II on an "as is" basis respectively. In the event that the Lessee I and/or the Lessee II elect(s) to extend the lease period, the Lessee I and/or the Lessee II shall notify the Lessor in writing within 30 days prior the expiry date of the lease period and extend the lease period pursuant to the relevant terms and conditions set out in a supplemental agreement to be entered into.

GUARANTEE LETTERS I

As security for the due and punctual performance of the Lessee I's obligations under the Master Sale and Leaseback Agreement I and the Sale and Purchase Agreement I, on 16 January 2020, the Lessee I has procured and each of Guarantor A, Guarantor B, Guarantor C, Guarantor D, Guarantor E and Guarantor F has executed Guarantee Letter IA, Guarantee Letter IB, Guarantee Letter IC, Guarantee Letter ID, Guarantee Letter IE and Guarantee Letter IF in favour of the Lessor, respectively.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Guarantor A, Guarantor B, Guarantor C, Guarantor D, Guarantor E, Guarantor F and their associate(s) is an Independent Third Party.

Guarantee

Pursuant to the terms of the Guarantee Letters I, each of Guarantor A, Guarantor B, Guarantor C, Guarantor D, Guarantor E and Guarantor F shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee I of its payment obligations under the Finance Lease Arrangement I respectively.

GUARANTEE LETTERS II

As security for the due and punctual performance of the Lessee II's obligations under the Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II, on 16 January 2020, the Lessee II has procured and each of Guarantor C, Guarantor D, Guarantor E, Guarantor F and Guarantor G has executed Guarantee Letter IIC, Guarantee Letter IID, Guarantee Letter IIE, Guarantee Letter IIF and Guarantee Letter IIG in favour of the Lessor, respectively.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Guarantor C, Guarantor D, Guarantor E, Guarantor F, Guarantor G and their associate(s) is an Independent Third Party.

Guarantee

Pursuant to the terms of the Guarantee Letters II, each of Guarantor C, Guarantor D, Guarantor E, Guarantor F and Guarantor G shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee II of its payment obligations under the Finance Lease Arrangement II respectively.

FACTORING FACILITY AGREEMENT

The principal terms of the Factoring Facility Agreement are set out below:

Date: 8 April 2020

Parties: (i) Noble Century Factoring (as factor); and

(ii) the Lessee I (as seller)

Lessee I is a company established in the PRC with limited liability and principally engaged in provision of light current engineering and telecom agency services. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Lessee I and its ultimate beneficial owner(s) is an Independent Third Party.

Type of facility:	Non-revolving
Financing term:	8 April 2020 to 7 April 2021
Transfer of accounts receivable:	Subject to the terms and conditions of the Factoring Facility Agreement, all rights and interests under the accounts receivable due from the debtor(s) of Lessee I as stipulated in the underlying transaction document(s) shall be assigned to Noble Century Factoring.
Payment of factoring principal amount(s):	<p>Lessee I may apply for the factoring financing by giving the factoring financing application form(s) to Noble Century Factoring subject to certain conditions being satisfied, including:</p> <ul style="list-style-type: none"> (i) the outstanding factoring principal amount not exceeding the credit limit of RMB8,000,000 (equivalent to approximately HK\$8,824,800); (ii) the factoring financing application form(s) having been given before the expiry of the financing term; (iii) the relevant accounts receivable of Lessee I having been assigned to Noble Century Factoring; (iv) the relevant accounts receivable assigned to Noble Century Factoring having complied with the standards as set out in the Factoring Facility Agreement; (v) there having been no material adverse change as to the operation, loss of creditworthiness or loss of repayment capacity on the part of each of Lessee I and its debtor(s) for which the accounts receivable has been assigned to Noble Century Factoring; and (vi) Lessee I not having failed to perform its obligations under the Factoring Facility Agreement.

Subject to the approval by Noble Century Factoring at its sole discretion, Noble Century Factoring shall provide factoring financing as stipulated in the relevant factoring financing application form(s) submitted by Lessee I.

Noble Century Factoring is entitled to unilaterally amend the terms in respect of credit limit (including the increase, reduction or revocation of the amount, or extension or shortening of the financing term) with reference to the circumstances then subsisting. Such amendment(s) shall take immediate effect and Noble Century Factoring shall notify Lessee I of such amendment(s) promptly thereafter.

The Group expects to finance the factoring principal amount by internal resources of the Group.

**Factoring
interest:**

The factoring interest, which is calculated based on the following formula, shall be paid by Lessee I to Noble Century Factoring by monthly installments:

$$A \times B \times \frac{C}{360}$$

A = the outstanding factoring principal amount

B = the interest rate of 15% per annum

C = the actual number of days of advancement

Default interest: The default interest shall be calculated based on the following formula and shall accrue from the date of default up to the date of repayment:

$$D \times E \times \frac{F}{360}$$

D = the outstanding factoring principal amount due but not repaid

E = the default interest rate of 22.5% per annum

F = the actual number of days of late payment

Repurchase: Noble Century Factoring is entitled to demand Lessee I to repurchase the outstanding amount of accounts receivable transferred to Noble Century Factoring by serving a notice on Lessee I if any of the following events (including but not limited to the following) occurs:

- (i) Noble Century Factoring being unable to receive the timely payment of the entire accounts receivable by the debtor(s) of Lessee I for any reason whatsoever;
- (ii) Lessee I having commercial dispute with its debtor(s) in respect of the relevant accounts receivable;
- (iii) the relevant accounts receivable being not effective, invalid, revoked or yet to be enforceable;
- (iv) there being reduction of registered capital, revocation of business licence, liquidation, change of controlling shareholder, material transfer of assets, or cessation/suspension of business on the part of Lessee I or its debtor(s) for which the relevant accounts receivable has been assigned to Noble Century Factoring, or any reason whatsoever, as a result of which Lessee I fails or may fail to perform its obligations under the Factoring Facility Agreement, and no remedial measure has been provided and approved by Noble Century Factoring; and

- (v) Lessee I having failed to perform its obligation(s) under the Factoring Facility Agreement.

In the event of repurchase, Lessee I shall be liable to pay Noble Century Factoring all outstanding amounts under the Factoring Facility Agreement.

GUARANTEES

As security for the due and punctual performance of Lessee I's obligations under the Factoring Facility Agreement, on 8 April 2020, Lessee I procured and each of Guarantor A, Guarantor B, Guarantor C, Guarantor D, Guarantor E and Guarantor F entered into the Guarantee A, Guarantee B, Guarantee C, Guarantee D, Guarantee E and Guarantee F respectively, pursuant to which each of the Guarantors agreed to provide an irrevocable guarantee in favour of Noble Century Factoring in respect of all payment obligations of Lessee I under the Factoring Facility Agreement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Guarantor A, Guarantor B, Guarantor C, Guarantor D, Guarantor E, Guarantor F and their associate(s) is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in trading, money lending, factoring, finance leasing and financial services. The Lessor is a limited liability company established in the PRC and principally engaged in the provision of financing services to its customers in its ordinary and usual course of business. Noble Century Factoring, a limited liability company established in the PRC, is principally engaged in factoring services to customers in the PRC.

The terms of the Finance Lease Arrangement I and the Finance Lease Arrangement II were arrived at after arm's length negotiations among the Lessor, the Lessees and/or the Guarantors. Since the terms of the Master Sale and Leaseback Agreements, the Sale and Purchase Agreements and the Guarantee Letters reflect the normal commercial terms of transactions of this nature and can provide the Group with stable revenue and cashflow stream from the interest received and the Finance Lease Arrangements are in the ordinary and usual course of business of the Group, the Directors consider that they are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The terms of the Factoring Facility Agreement and Guarantees, including the credit limit, were arrived at after arm's length negotiations between Noble Century Factoring, Lessee I and/or the Guarantors and are on normal commercial terms. The Directors consider that the entering into of the Factoring Facility Agreement is in the ordinary and usual course of business of Noble Century Factoring and will provide stable revenue and cash flow stream from the factoring interest.

Since the terms of the Factoring Facility Agreement and the Guarantees were entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the Directors are of the view that such terms are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

At the material time when the Finance Lease Arrangement I and the Finance Lease Arrangement II were entered into, as all the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement I and the Finance Lease Arrangement II, when aggregated, were less than 5%, the entering into of the Finance Lease Arrangement I and the Finance Lease Arrangement II did not constitute a notifiable transaction on the part of the Company under the Listing Rules and was not subject to the notification, announcement and the Shareholders' approval requirements of Chapter 14 of the Listing Rules at the material time when the Finance Lease Arrangement I and the Finance Lease Arrangement II were entered into.

The transactions contemplated under the Finance Lease Arrangement I, the Finance Lease Arrangement II and the Factoring Facility Agreement are aggregated on the basis that they are entered into by the Group with parties associated with one another, namely Lessee I and Lessee II, of which Lessee II is owned as to 60% by Lessee I, and shall be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Arrangement I, the Finance Lease Arrangement II and the Factoring Facility Agreement, when aggregated, is more than 5% but less than 25%, the entering into of the Finance Lease Arrangement I, the Finance Lease Arrangement II and the Factoring Facility Agreement constitutes a discloseable transaction on the part of the Company under the Listing Rules and is subject to the notification and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

- “associate” has the meaning ascribed thereto under the Listing Rules
- “Board” the board of Directors
- “Business Day” a day (other than a Saturday, Sunday or public holiday) on which licensed banks in the PRC are generally open for business throughout their normal business hour
- “Buyback Fee(s)” the Buyback Fee I and/or the Buyback Fee II, as the case may be
- “Buyback Fee I” has the meaning ascribed thereto in the paragraph headed “Early termination” under the section “The Master Sale And Leaseback Agreement I, the Sale And Purchase Agreement I, the Master Sale And Leaseback Agreement II and the Sale And Purchase Agreement II” in this announcement
- “Buyback Fee II” has the meaning ascribed thereto in the paragraph headed “Early termination” under the section “The Master Sale And Leaseback Agreement I, the Sale And Purchase Agreement I, the Master Sale And Leaseback Agreement II and the Sale And Purchase Agreement II” in this announcement
- “Company” Hong Kong ChaoShang Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 2322)
- “Consideration I” an amount of RMB6,000,000 (equivalent to approximately HK\$6,618,600) advanced by the Lessor to the Lessee I by way of payment of the consideration for the Leased Assets I to the Lessee I pursuant to the terms and conditions of the Finance Lease Arrangement I

“Consideration II”	an amount of RMB5,000,000 (equivalent to approximately HK\$5,515,500) advanced by the Lessor to the Lessee II by way of payment of the consideration for the Leased Assets II to the Lessee II pursuant to the terms and conditions of the Finance Lease Arrangement II
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Deposit(s)”	the Deposit I and/or the Deposit II, as the case may be
“Deposit I”	has the meaning ascribed thereto in the paragraph headed “Deposit” under the section “The Master Sale And Leaseback Agreement I, the Sale And Purchase Agreement I, the Master Sale And Leaseback Agreement II and the Sale And Purchase Agreement II” in this announcement
“Deposit II”	has the meaning ascribed thereto in the paragraph headed “Deposit” under the section “The Master Sale And Leaseback Agreement I, the Sale And Purchase Agreement I, the Master Sale And Leaseback Agreement II and the Sale And Purchase Agreement II” in this announcement
“Directors”	the directors of the Company
“Factoring Facility Agreement”	the factoring facility agreement dated 8 April 2020 entered into between Noble Century Factoring and Lessee I, pursuant to which Noble Century Factoring agreed to provide a factoring facility in a maximum amount of RMB8,000,000 (equivalent to approximately HK\$8,824,800) to Lessee I for a period commencing from the date of the Factoring Facility Agreement and ending on 7 April 2021
“Finance Lease Arrangement(s)”	the Finance Lease Arrangement I and/or the Finance Lease Arrangement II, as the case may be

“Finance Lease Arrangement I”	transactions contemplated under the Master Sale and Leaseback Agreement I, the Sale and Purchase Agreement I and the Guarantee Letters I
“Finance Lease Arrangement II”	transactions contemplated under the Master Sale and Leaseback Agreement II, the Sale and Purchase Agreement II and the Guarantee Letters II
“Group”	the Company and its subsidiaries
“Guarantee A”	the guarantee dated 8 April 2020 and entered into among Guarantor A, Lessee I and Noble Century Factoring for, among other things, the due and punctual performance by Lessee I of its payment obligations under the Factoring Facility Agreement
“Guarantee B”	the guarantee dated 8 April 2020 and entered into among Guarantor B, Lessee I and Noble Century Factoring for, among other things, the due and punctual performance by Lessee I of its payment obligations under the Factoring Facility Agreement
“Guarantee C”	the guarantee dated 8 April 2020 and entered into among Guarantor C, Lessee I and Noble Century Factoring for, among other things, the due and punctual performance by Lessee I of its payment obligations under the Factoring Facility Agreement
“Guarantee D”	the guarantee dated 8 April 2020 and entered into among Guarantor D, Lessee I and Noble Century Factoring for, among other things, the due and punctual performance by Lessee I of its payment obligations under the Factoring Facility Agreement
“Guarantee E”	the guarantee dated 8 April 2020 and entered into among Guarantor E, Lessee I and Noble Century Factoring for, among other things, the due and punctual performance by Lessee I of its payment obligations under the Factoring Facility Agreement

“Guarantee F”	the guarantee dated 8 April 2020 and entered into among Guarantor F, Lessee I and Noble Century Factoring for, among other things, the due and punctual performance by Lessee I of its payment obligations under the Factoring Facility Agreement
“Guarantees”	collectively, Guarantee A, Guarantee B, Guarantee C, Guarantee D, Guarantee E and Guarantee F
“Guarantee Letter IA”	a guarantee letter dated 16 January 2020 and executed by Guarantor A in favour of the Lessor, pursuant to which Guarantor A shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee I of its payment obligations under the Finance Lease Arrangement I
“Guarantee Letter IB”	a guarantee letter dated 16 January 2020 and executed by Guarantor B in favour of the Lessor, pursuant to which Guarantor B shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee I of its payment obligations under the Finance Lease Arrangement I
“Guarantee Letter IC”	a guarantee letter dated 16 January 2020 and executed by Guarantor C in favour of the Lessor, pursuant to which Guarantor C shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee I of its payment obligations under the Finance Lease Arrangement I
“Guarantee Letter ID”	a guarantee letter dated 16 January 2020 and executed by Guarantor D in favour of the Lessor, pursuant to which Guarantor D shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee I of its payment obligations under the Finance Lease Arrangement I

- “Guarantee Letter IE” a guarantee letter dated 16 January 2020 and executed by Guarantor E in favour of the Lessor, pursuant to which Guarantor E shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee I of its payment obligations under the Finance Lease Arrangement I
- “Guarantee Letter IF” a guarantee letter dated 16 January 2020 and executed by Guarantor F in favour of the Lessor, pursuant to which Guarantor F shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee I of its payment obligations under the Finance Lease Arrangement I
- “Guarantee Letter IIC” a guarantee letter dated 16 January 2020 and executed by Guarantor C in favour of the Lessor, pursuant to which Guarantor C shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee II of its payment obligations under the Finance Lease Arrangement II
- “Guarantee Letter IID” a guarantee letter dated 16 January 2020 and executed by Guarantor D in favour of the Lessor, pursuant to which Guarantor D shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee II of its payment obligations under the Finance Lease Arrangement II
- “Guarantee Letter IIE” a guarantee letter dated 16 January 2020 and executed by Guarantor E in favour of the Lessor, pursuant to which Guarantor E shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee II of its payment obligations under the Finance Lease Arrangement II

“Guarantee Letter IIF”	a guarantee letter dated 16 January 2020 and executed by Guarantor F in favour of the Lessor, pursuant to which Guarantor F shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee II of its payment obligations under the Finance Lease Arrangement II
“Guarantee Letter IIG”	a guarantee letter dated 16 January 2020 and executed by Guarantor G in favour of the Lessor, pursuant to which Guarantor G shall provide guarantee in favour of the Lessor for, including but not limited to, the due and punctual performance by the Lessee II of its payment obligations under the Finance Lease Arrangement II
“Guarantee Letters I”	collectively, the Guarantee Letter IA, the Guarantee Letter IB, the Guarantee Letter IC, the Guarantee Letter ID, the Guarantee Letter IE and the Guarantee Letter IF
“Guarantee Letters II”	collectively, the Guarantee Letter IIC, the Guarantee Letter IID, the Guarantee Letter IIE, the Guarantee Letter IIF and the Guarantee Letter IIG
"Guarantee Letters"	collectively, the Guarantee Letters I and the Guarantee Letters II
“Guarantor A”	光榮科技(北京)有限責任公司 (transliterated as Guangrong Technology (Beijing) Company Limited [#]), a company established in the PRC with limited liability, which is owned as to 80% by Guarantor C and 20% by Guarantor F as at the date of this announcement, and a shareholder of Lessee I
“Guarantor B”	西藏燦煊企業管理合伙企業(有限合伙) (transliterated as Tibet Chanyu Enterprise Management Partnership (Limited Partnership) [#]), a limited partnership established in the PRC with limited liability, and a shareholder of Lessee I
“Guarantor C”	陶廣全 (transliterated as Tao Guangquan [#]), being a controlling shareholder of Guarantor A and the spouse of Guarantor F

“Guarantor D”	李奇 (transliterated as Li Qi [#]), being a shareholder of Lessee I
“Guarantor E”	夏溢 (transliterated as Xia Yi [#]), being a shareholder of Lessee I
“Guarantor F”	蔣愛穎 (transliterated as Jiang Aiyi [#]), being a substantial shareholder of Guarantor A and the spouse of Guarantor C
“Guarantors”	Guarantor A, Guarantor B, Guarantor C, Guarantor D, Guarantor E, Guarantor F and/or Guarantor G, as the case may be
“Handling Fee I”	has the meaning ascribed thereto in the paragraph headed “Handling Fee” under the section “The Master Sale And Leaseback Agreement I, the Sale And Purchase Agreement I, the Master Sale And Leaseback Agreement II and the Sale And Purchase Agreement II” in this announcement
“Handling Fee II”	has the meaning ascribed thereto in the paragraph headed “Handling Fee” under the section “The Master Sale And Leaseback Agreement I, the Sale And Purchase Agreement I, the Master Sale And Leaseback Agreement II and the Sale And Purchase Agreement II” in this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Leased Assets I”	has the meaning ascribed thereto in the paragraph headed “Sale and leaseback of the Leased Assets and the obligations of the Lessee” under the section “The Master Sale And Leaseback Agreement I, the Sale And Purchase Agreement I, the Master Sale And Leaseback Agreement II and the Sale And Purchase Agreement II” in this announcement

“Leased Assets II”	has the meaning ascribed thereto in the paragraph headed “Sale and leaseback of the Leased Assets and the obligations of the Lessee” under the section “The Master Sale And Leaseback Agreement I, the Sale And Purchase Agreement I, the Master Sale And Leaseback Agreement II and the Sale And Purchase Agreement II” in this announcement
“Lessee I” or “Guarantor G”	成都加華科技股份有限公司 (transliterated as Chengdu Jiahua Technology Company Limited [#]), a company established in the PRC with limited liability, which is owned as to approximately 37.92% by Guarantor A, approximately 33.33% by Guarantor B, approximately 4.03% by Guarantor D and approximately 8.05% by Guarantor E respectively as at the date of this announcement
“Lessee II”	昆明小橋科技有限公司 (transliterated as Kunming Xiaoju Technology Company Limited [#]), a company established in the PRC with limited liability and owned as to 60% by Lessee I
“Lessee(s)”	the Lessee I and/or the Lessee II, as the case may be
“Lessor”	仁瑞(深圳)融資租賃有限公司 (transliterated as Noble Century (Shenzhen) Finance Lease Company Limited [#]), being a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Sale and Leaseback Agreement(s)”	the Master Sale and Leaseback Agreement I and/or the Master Sale and Leaseback Agreement II, as the case may be

“Master Sale and Leaseback Agreement I”	the master sale and leaseback agreement dated 16 January 2020 and entered into between the Lessor and the Lessee I which set out the rights and obligations between the Lessor and the Lessee I in relation to the Finance Lease Arrangement I
“Master Sale and Leaseback Agreement II”	the master sale and leaseback agreement dated 16 January 2020 and entered into between the Lessor and the Lessee II which set out the rights and obligations between the Lessor and the Lessee II in relation to the Finance Lease Arrangement II
“Noble Century Factoring”	仁瑞(深圳)商業保理有限公司 (transliterated as Noble Century (Shenzhen) Commercial Factoring Company Limited [#]), being a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale and Purchase Agreement(s)”	the Sale and Purchase Agreement I and/or the Sale and Purchase Agreement II, as the case may be
“Sale and Purchase Agreement I”	the sale and purchase agreement dated 16 January 2020 and entered into between the Lessor and the Lessee I in relation to the sale and purchase of the Leased Assets I
“Sale and Purchase Agreement II”	the sale and purchase agreement dated 16 January 2020 and entered into between the Lessor and the Lessee II in relation to the sale and purchase of the Leased Assets II
“Share(s)”	share(s) of the Company of HK\$0.02 each
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board
Hong Kong ChaoShang Group Limited
Ms. Zheng Juhua
Chairman

Hong Kong, 8 April 2020

For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.00 to HK\$1.1031. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

As at the date of this announcement, the executive Directors are Ms. Zheng Juhua and Mr. Chan Chi Yuen; the independent non-executive Directors are Mr. Man Kwok Leung, Mr. Yu Pak Yan, Peter and Mr. Chi Chi Hung, Kenneth.