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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)

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE POSSIBLE SUBSCRIPTION OF
NEW SHARES**

The Board is pleased to announce that on 25 September 2020 (after trading hours of the Stock Exchange), the Company and the Issuer entered into the non-legally binding MOU, pursuant to which the Company has agreed to subscribe for and the Issuer has agreed to allot and issue the Subscription Shares.

The Issuer is a company incorporated in the Cayman Islands with limited liability. The Issuer Group is principally engaged in the provision of online financial services including securities dealing and brokerage and margin financing services in Hong Kong through their independently developed online trading platform and mobile application.

The Subscription Price is subject to further negotiation between the Company and the Issuer and is expected to be satisfied by the Company by way of cash at completion of the Possible Subscription or such other methods agreed between the Company and the Issuer.

The Possible Subscription may or may not proceed. Shareholders and investors of the Company are urged to exercise caution when dealing in the Shares. If the Possible Subscription materialise, it may constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. Should the Company enter into the Subscription Agreement or decide to terminate the MOU or there be any material development on the Possible Subscription, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the Listing Rules as and when appropriate.

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

THE MOU

The Board is pleased to announce that on 25 September 2020 (after trading hours of the Stock Exchange), the Company and the Issuer entered into the non-legally binding MOU, pursuant to which the Company has agreed to subscribe for and the Issuer has agreed to allot and issue the Subscription Shares. Principal terms of the MOU are set out below.

Date: 25 September 2020

Parties: (i) the Company; and
(ii) the Issuer

The Issuer is a company incorporated in the Cayman Islands with limited liability. The Issuer Group is principally engaged in the provision of online financial services including securities dealing and brokerage and margin financing services in Hong Kong through their independently developed online trading platform and mobile application.

To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Issuer and its ultimate beneficial owners is an Independent Third Party.

Possible Subscription

Pursuant to the MOU, the Company shall subscribe for the Subscription Shares and the Issuer shall allot and issue the Subscription Shares at completion of the Possible Subscription.

The Subscription Price is subject to further negotiation between the Company and the Issuer and is expected to be satisfied by the Company by way of cash at completion of the Possible Subscription or such other methods agreed between the Company and the Issuer.

Subscription Agreement

The Company and the Issuer shall negotiate in good faith towards one another in ensuring that the Subscription Agreement be entered into as soon as possible and in any event within 3 months from the date of the MOU (or such later date to be agreed by the Company and the Issuer).

If the Subscription Agreement is entered into, the Possible Subscription may constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the Listing Rules as and when appropriate.

Due diligence

The Company shall and shall procure that its advisers and agents shall, forthwith upon the signing of the MOU, conduct such review of the assets, indebtedness, operations and other aspect of the Issuer Group as it may consider appropriate. The Issuer shall provide and procure the Issuer Group and its agents to provide such assistance as the Company and its advisers and agents may require in connection with such review.

Non-legally binding effect

Save for the provisions relating to, among others, confidentiality, costs and expenses and governing law contained in the MOU, the MOU is not legally binding or enforceable.

REASONS FOR AND BENEFITS OF THE POSSIBLE SUBSCRIPTION

The Group is principally engaged in trading, money lending, factoring, finance leasing and financial services.

The Issuer Group is principally engaged in the provision of online financial services including securities dealing and brokerage and margin financing services in Hong Kong through their independently developed online trading platform and mobile application.

Having considered a growing demand for convenient and efficient securities dealing and brokerage services in Hong Kong and the expertise of the Issuer Group in the provision of financial services through online trading platform and mobile application, the Directors consider that the Possible Subscription will bring investment return to the Group. Further, since the principal business of the Issuer Group is in line with the existing business of the Group, the Group may also explore collaborative opportunity with the Issuer Group after completion of the Possible Subscription. As such, the Directors are of the view that the terms of the MOU are fair and reasonable and the Possible Subscription is in the interests of the Company and the Shareholders as a whole.

The Possible Subscription may or may not proceed. Shareholders and investors of the Company are urged to exercise caution when dealing in the Shares. If the Possible Subscription materialise, it may constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. Should the Company enter into the Subscription Agreement or decide to terminate the MOU or there be any material development on the Possible Subscription, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the Listing Rules as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Hong Kong ChaoShang Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange (stock code: 2322)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Directors”	Director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“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
“Issuer”	Livermore Inc., a company incorporated in the Cayman Islands with limited liability
“Issuer Group”	Issuer and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 25 September 2020 and entered into between the Company and the Issuer in relation to the Possible Subscription
“Possible Subscription”	the possible subscription of Subscription Shares by the Company pursuant to the MOU
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary 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
“Subscription Agreement”	a legally binding formal agreement which may or may not be entered between the Company and the Issuer in relation to the Possible Subscription

“Subscription Price”	the subscription price payable for the Subscription Shares by the Company
“Subscription Shares”	such number of series C preferred shares, representing 15% of the total issued share capital of the Issuer as enlarged by the allotment and issue of the Subscription Shares and any other series C preferred shares by the Issuer, which may or may not be issued by the Issuer to the Company pursuant to the terms and conditions of the MOU
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 25 September 2020

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.