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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)

(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE; AND (2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

Joint Placing Agents

Cheong Lee Securities Limited

Pinestone Securities Limited

Silverbricks Securities Company Limited

Soochow Securities International Brokerage Limited

Valuable Capital Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 11 September 2024 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Joint Placing Agents, pursuant to which the Company has conditionally agreed to place, through the Placing Agents on a best effort basis, up to 660,000,000 Placing Shares at the Placing Price of HK\$0.75 per Placing Share to the Placee(s) who and whose beneficial owner(s) shall be Independent Third Party(ies).

The Placing Price of HK\$0.75 per Placing Share represents (i) a discount of approximately 16.67% to the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 14.77% to the average of the closing prices per Share of approximately HK\$0.88 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the maximum number of Placing Shares of 660,000,000 Shares represents approximately 16.02% of the existing issued share capital of the Company as at the date of this announcement and approximately 13.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to (i) accommodate future expansion and development of the Group; and (ii) provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future, as and when necessary, the Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 divided into 5,000,000,000 Shares to HK\$160,000,000 divided into 8,000,000,000 Shares by the creation of an additional 3,000,000,000 unissued Shares. The Increase in Authorised Share Capital is subject to the approval of the Shareholders by the passing of an ordinary resolution by the Shareholders at the SGM.

GENERAL

The Placing Shares shall be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 28 September 2023.

Subject to Completion, and assuming all the Placing Shares will be successfully placed by the Joint Placing Agents, it is expected that the maximum gross proceeds from the Placing will be HK\$495 million and the net proceeds, after the deduction of the placing commission and other related expenses, is estimated to be approximately HK\$479.9 million, representing a net issue price of approximately HK\$0.73 per Placing Share.

The Company intends to use the net proceeds raised from the Placing (i) as to approximately HK\$100.0 million for the development of the Group's financial services business segment including but not limited to the provision of securities brokerage, placing, underwriting and margin financing services; (ii) as to approximately HK\$300.0 million for the Group's potential investments and business developments as opportunities arise; and (iii) as to approximately HK\$79.9 million for the general working capital of the Group.

Since Completion is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

A SGM will be convened for the Shareholders to consider, and if thought fit, approve, among others, the Increase in Authorised Share Capital.

A circular containing, among other things, details of the proposed Increase in Authorised Share Capital together with the notice of the SGM and the related proxy form will be despatched to the Shareholders as soon as practicable.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announces that on 11 September 2024 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Joint Placing Agents, pursuant to which the Company has conditionally agreed to place, through the Joint Placing Agents on a best effort basis, up to 660,000,000 Placing Shares at the Placing Price of HK\$0.75 per Placing Share to the Placee(s) who and whose beneficial owner(s) shall be Independent Third Party(ies).

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are set out as follows:

Date: 11 September 2024 (after trading hours of the Stock Exchange)

Parties: (i) the Company, as the issuer; and

(ii) the Joint Placing Agents

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Joint Placing Agents and their respective ultimate beneficial owner(s), are Independent Third Parties.

Pursuant to the terms and conditions of the Placing Agreement, the Company has conditionally agreed to place through the Joint Placing Agents, on a best effort basis, up to 660,000,000 Placing Shares at the Placing Price of HK\$0.75 per Placing Share to the Placee(s) who and whose beneficial owner(s) shall be Independent Third Party(ies).

Placing commission

Subject to the Completion, the Company shall pay to the Joint Placing Agents a placing commission equivalent to 3% of the aggregate Placing Price of the Placing Shares successfully placed by the respective Joint Placing Agents. The placing commission was negotiated on an arm's length basis between the Company and the Joint Placing Agents and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents and the size of the Placing. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placee(s)

The Placing Shares will be placed on a best effort basis to not less than six Placees, who and whose ultimate beneficial owner(s) (where applicable) will be Independent Third Party(ies). It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after Completion.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the maximum number of Placing Shares of 660,000,000 Shares represents approximately 16.02% of the existing issued share capital of the Company as at the date of this announcement and approximately 13.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The nominal value of the maximum number of Placing Shares under the Placing will be HK\$13,200,000.

Placing Price

The Placing Price of HK\$0.75 per Placing Share represents (i) a discount of approximately 16.67% to the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 14.77% to the average of the closing prices per Share of approximately HK\$0.88 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Joint Placing Agents with reference to the historical and prevailing market prices of the Shares as well as the historical performances and present financial position of the Group. Given the current market conditions and the size of the Placing Shares involved, the Directors consider that the Placing Price is fair and reasonable, on normal commercial terms and the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the Placing Shares.

Conditions precedent of the Placing Agreement

The Placing is conditional upon the satisfaction of the following conditions:

- (i) each of the Joint Placing Agents having received in immediately available funds the aggregate Placing Price of the Placing Shares from the Placee(s) procured by the respective Joint Placing Agents and confirmed the same in writing to the Company; and
- (ii) the Listing Committee granting a listing of, and permission to deal in, all the Placing Shares to be placed pursuant to the terms and conditions of the Placing Agreement.

The Company and the Joint Placing Agents shall use their best endeavours to procure the fulfilment of the above conditions and in the event that the above conditions are not fulfilled on or before 2 October 2024 (or such later date as may be agreed between the Company and the Joint Placing Agents in writing), all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and determine and none of the parties thereto shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Completion of the Placing

Completion shall take place on the date falling within four (4) Business Days following the day on which the conditions precedent under the Placing Agreement are satisfied (or such other date as may be agreed between the parties in writing thereto).

Termination

Each of the Joint Placing Agents shall be entitled by way of written notice to the Company given prior to 4:00 p.m. on the day immediately preceding the date of Completion to terminate the Placing Agreement if:

- (i) any Specified Event comes to the notice of the Joint Placing Agents; or
- (ii) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof by any court or other competent authority in Hong Kong or the PRC which is reasonably expected to materially and adversely affect the business or financial condition or prospects of the Company as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which will, or is reasonably expected to be expected to, have a material adverse effect on the Placing; or

- (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which has or is reasonably expected to have a material adverse effect on the Placing; or
- (iii) there is a material adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Joint Placing Agents and is material in the context of the Placing.

If written notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and none of the parties shall be under any liability to the other parties in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 28 September 2023, subject to the limit up to 20% of the total number of issued shares of the Company as at 28 September 2023.

Under the General Mandate, the Company is authorised to issue up to 824,120,000 new Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. The maximum of 660,000,000 Placing Shares to be allotted and issued will utilise approximately 80.09% of the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to further approval of the Shareholders.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) the trading of goods in the PRC and Hong Kong, (ii) the provision of money lending and factoring services in the PRC and Hong Kong; (iii) the provision of finance leasing in the PRC; and (iv) the provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

Subject to Completion and assuming all the Placing Shares are successfully placed by the Joint Placing Agents, the maximum gross proceeds from the Placing will be HK\$495 million and the net proceeds, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$479.9 million, representing a net issue price of approximately HK\$0.73 per Placing Share. On such basis, the maximum net price raised per Placing Share upon Completion will be approximately HK\$0.73. The net proceeds from the Placing are intended to be used (i) as to approximately HK\$100.0 million for the development of the Group's financial services business segment including but not limited to the provision of securities brokerage, placing, underwriting and margin financing services; (ii) as to approximately HK\$300.0 million for the Group's potential investments and business developments as opportunities arise; and (iii) as to approximately HK\$79.9 million for the general working capital of the Group. In the event that the Placing Shares are not placed in full, the net proceeds of the Placing will be utilised in proportion to the above uses.

The Board considers that the Placing represents a good opportunity to raise additional funds to strengthen the financial position of the Group and provide funding to the Group to finance its working capital needs and business developments. It will also widen the Company's shareholder base and should improve the liquidity of the Shares. In view of the above, the Directors (including independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion (assuming the Placing Shares are subscribed in full and there is no other change in the shareholding structure of the Company between the date of this announcement and Completion):

Shareholders	As at the date of this announcement		Upon Completion (assuming the Placing Shares are subscribed in full and there is no other change in the shareholding structure of the Company between the date of this announcement and Completion)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Superb Smart Limited ("Superb Smart") <i>(Note 1)</i>	834,767,140	20.26	834,767,140	17.46
Placee(s)	–	–	660,000,000	13.81
Other public Shareholders	3,285,832,860	79.74	3,285,832,860	68.73
	<u>4,120,600,000</u>	<u>100.00</u>	<u>4,780,600,000</u>	<u>100.00</u>

Note:

- (1) Superb Smart, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Ms. Zheng Juhua, who is an executive Director. As such, Ms. Zheng Juhua is deemed, or taken to be interested in all the Shares held by Superb Smart by virtue of the SFO.

EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund-raising activities in the past twelve months immediately preceding the date of this announcement.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 5,000,000,000 Shares, of which 4,120,600,000 Shares have been issued and fully paid. Upon completion of the Placing (assuming that the Placing Shares are subscribed in full and no other change in the issued share capital of the Company between the date of this announcement and the SGM), the total number of issued Shares will increase to 4,780,600,000 Shares.

In order to (i) accommodate future expansion and development of the Group; and (ii) provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future, as and when necessary, the Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 divided into 5,000,000,000 Shares to HK\$160,000,000 divided into 8,000,000,000 Shares by the creation of an additional 3,000,000,000 unissued Shares.

The Increase in Authorised Share Capital is subject to the approval of the Shareholders by the passing of an ordinary resolution by the Shareholders at the SGM, and will become effective on the date of the SGM upon the passing of the relevant ordinary resolution.

The Board is of the view that the Increase in Authorised Share Capital will provide flexibility to the Company for future investment opportunities and facilitate the Company in determining its future business plan and development, and is therefore in the interests of the Company and the Shareholders as a whole.

GENERAL

A SGM will be convened for the Shareholders to consider, and if thought fit, approve, among others, the Increase in Authorised Share Capital.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their respective associates would have any interest in the proposed Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting on the resolution relating to the Increase in Authorised Share Capital at the SGM.

A circular containing, among other things, details of the proposed Increase in Authorised Share Capital together with the notice of the SGM and the related proxy form will be despatched to the Shareholders as soon as practicable.

Since Completion is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associates”	has the meaning ascribed thereunder the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Cheong Lee Securities”	Cheong Lee Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the SFO
“Company”	Hong Kong ChaoShang Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on Main Board of the Stock Exchange (stock code: 2322)
“Completion”	Completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 September 2023, pursuant to which a maximum of 824,120,000 new Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$100,000,000 (divided into 5,000,000,000 Shares) to HK\$160,000,000 (divided into 8,000,000,000 Shares) by the creation of an additional 3,000,000,000 unissued Shares

“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules) and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates
“Joint Placing Agent(s)”	collectively, Pinestone Securities, Soochow Securities, Silverbricks Securities, Cheong Lee Securities and Valuable Capital
“Listing Committee”	has the meaning ascribed thereunder the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pinestone Securities”	Pinestone Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) regulated activity under the SFO
“Placee(s)”	any individuals, corporate, institutional investors or other investors to be procured by or on behalf of the Joint Placing Agents under the Placing
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Joint Placing Agents to the Placee(s) pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 11 September 2024 and entered into between the Company and the Joint Placing Agents in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.75 per Placing Share
“Placing Share(s)”	up to 660,000,000 new Shares to be placed pursuant to the terms and conditions of the Placing Agreement

“PRC”	The People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting to be convened and held by the Company to consider and, if thought fit, approve, among other things, the proposed Increase in Authorised Share Capital
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Silverbricks Securities”	Silverbricks Securities Company Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Soochow Securities”	Soochow Securities International Brokerage Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Specified Event”	means an event occurring or matter arising on or after the date of the Placing Agreement and prior to the date of Completion which has rendered any of the undertakings, warranties and representations given by the Company in the Placing Agreement untrue or incorrect and incapable of being remedied and such would have a material adverse impact on the Placing

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuable Capital”	Valuable Capital Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Hong Kong ChaoShang Group Limited
Mr. Ma Weihua
Chairman

Hong Kong, 11 September 2024

As at the date of this announcement, the executive Directors are Ms. Zheng Juhua, Mr. Chan Chi Yuen and Mr. Gong Huanghui; the non-executive Director is Mr. Ma Weihua; the independent non-executive Directors are Mr. Yu Pak Yan, Peter, Mr. Chi Chi Hung, Kenneth and Mr. Yeung Yat Chuen.