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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 SUPPLEMENTAL AGREEMENT IN RELATION TO FINANCE LEASE ARRANGEMENT**

Reference is made to the announcement of Hong Kong ChaoShang Group Limited (the “**Company**”) dated 17 December 2018 (the “**Announcement**”) in relation to, among other things, the Finance Lease Arrangements. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

#### **BACKGROUND**

##### **Master Lease Agreement I**

On 24 April 2018, (i) the Lessor, being an indirect wholly-owned subsidiary of the Company, and the Lessee entered into the Master Lease Agreement I; and (ii) the Lessor, the Lessee and the Vendor entered into the Sale and Purchase Agreement I, in relation to the Consideration I of RMB1,500,000 (equivalent to approximately HK\$1,740,000) for the Leased Assets I.

As security for the due and punctual performance of the Lessee’s obligations under the Master Lease Agreement I and the Sale and Purchase Agreement I, on 24 April 2018, the Lessee procured and each of Guarantor A, Guarantor B and Guarantor C executed Guarantee Letter IA, Guarantee Letter IB and Guarantee Letter IC in favour of the Lessor respectively.

## **Master Sale and Leaseback Agreement II**

On 24 April 2018, the Lessor and the Lessee entered into the Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II in relation to the Consideration II of RMB6,500,000 (equivalent to approximately HK\$7,540,000) for the Leased Assets II.

As security for the due and punctual performance of the Lessee's obligations under the Master Sale and Leaseback Agreement II and the Sale and Purchase Agreement II, on 24 April 2018, the Lessee procured and each of Guarantor A, Guarantor B and Guarantor C executed Guarantee Letter IIA, Guarantee Letter IIB and Guarantee Letter IIC in favour of the Lessor respectively.

## **Master Sale and Leaseback Agreement III**

On 16 May 2018, the Lessor and the Lessee entered into the Master Sale and Leaseback Agreement III and the Sale and Purchase Agreement III in relation to the Consideration III of RMB5,000,000 (equivalent to approximately HK\$5,800,000) for the Leased Assets III.

As security for the due and punctual performance of the Lessee's obligations under the Master Sale and Leaseback Agreement III and the Sale and Purchase Agreement III, on 16 May 2018, the Lessee procured and (i) each of Guarantor A, Guarantor B and Guarantor C executed the Guarantee Letter IIIA, the Guarantee Letter IIIB and the Guarantee Letter IIIC in favour of the Lessor respectively; and (ii) Guarantor D executed the Mortgage in favour of the Lessor.

## **Master Sale and Leaseback Agreement IV**

On 17 December 2018, the Lessor and the Lessee entered into the Master Sale and Leaseback Agreement IV and the Sale and Purchase Agreement IV in relation to the Consideration IV of RMB8,500,000 (equivalent to approximately HK\$9,860,000) for the Leased Assets IV.

As security for the due and punctual performance of the Lessee's obligations under the Master Sale and Leaseback Agreement IV and the Sale and Purchase Agreement IV, on 17 December 2018, the Lessee procured and each of the Guarantor A, Guarantor B, Guarantor C executed Guarantee Letter IVA, Guarantee Letter IVB and Guarantee Letter IVC in favour of the Lessor, respectively.

As at the date of this announcement, (i) the full amount of the Consideration I, Consideration II and the interests accrued thereon respectively were fully settled by the Lessee; (ii) the outstanding principal amount under the Finance Lease Arrangement III was approximately RMB3,311,098 (equivalent to approximately HK\$3,840,874); and (iii) the outstanding principal amount under the Finance Lease Arrangement IV was approximately RMB5,319,442 (equivalent to approximately HK\$6,170,553).

## **SUPPLEMENTAL AGREEMENT TO THE FINANCE LEASE ARRANGEMENT IV**

The Board would like to announce that, on 22 October 2020 (after trading hours of the Stock Exchange), the Lessor, the Lessee, Guarantor A, Guarantor B, Guarantor C and 廣西超速電子科技有限公司 (for transliteration purpose only, Guangxi Chaosu Electronic Technology Company Limited) (“**Guangxi Chaosu**”) entered into a supplemental agreement (the “**Supplemental Agreement**”) to amend and supplement certain terms under the Finance Lease Arrangement IV.

The principal terms of the Supplemental Agreement are set out below:

- Date:** 22 October 2020
- Parties:**
- (i) the Lessor;
  - (ii) the Lessee;
  - (iii) Guarantor A;
  - (iv) Guarantor B;
  - (v) Guarantor C; and
  - (vi) Guangxi Chaosu

The Lessee has been a customer of the Group since April 2018. Guangxi Chaosu is a company established in the PRC with limited liability and principally engaged in the manufacture, processing and trading of circuit boards. As at the date of this announcement, (i) Guangxi Chaosu is owned as to 90% by 曹雪梅, who is the cousin of Guarantor A, and as to 10% by 王喜軍, who is an Independent Third Party, respectively; and (ii) Guarantor C is wholly-owned by 深圳宇辰科技實業發展有限公司, which is in turn owned as to 99% by 孟能, who is the brother of Guarantor B, and as to 1% by 向輝龍, who is an Independent Third Party, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Lessee, Guarantor A, Guarantor B, Guarantor C, Guangxi Chaosu and their ultimate beneficial owners (where applicable) is an Independent Third Party.

Pursuant to terms and conditions of the Supplemental Agreement, the Lessor has agreed to extend the repayment date for the outstanding amount under the Finance Lease Arrangement IV from 27 December 2021 to 27 January 2024.

In the event that the Lessee fails to perform its payment obligations and liabilities under the Supplemental Agreement, the Lessor shall be entitled to exercise its rights under the terms and conditions of the Financial Lease Arrangement IV to demand repayment of all the outstanding rents, default interest, Buyback Fee IV and any other monies payable thereunder.

Save as disclosed above, all other terms and conditions of the Finance Lease Arrangement IV shall remain in full force and effect.

## **SUPPLEMENTAL GUARANTEE LETTERS IV AND GUANGXI CHAOSU GUARANTEE LETTER**

As security for the due and punctual performance of the Lessee's obligations under the Master Sale and Leaseback Agreement IV, the Sale and Purchase Agreement IV and the Supplemental Agreement, on 22 October 2020 (after trading hours of the Stock Exchange), the Lessee has procured and (i) each of Guarantor A, Guarantor B and Guarantor C has executed a supplemental guarantee letter in favour of the Lessor (collectively, the "**Supplemental Guarantee Letters IV**"); and (ii) Guangxi Chaosu has executed a guarantee letter (the "**Guangxi Chaosu Guarantee Letter**") in favour of the Lessor.

## **REASONS FOR AND BENEFIT OF THE ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT, SUPPLEMENTAL GUARANTEE LETTERS IV AND GUANGXI CHAOSU GUARANTEE LETTER**

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 providing financing services to its customers in its ordinary and usual course of business.

The terms of the Supplemental Agreement, the Supplemental Guarantee Letters IV and the Guangxi Chaosu Guarantee Letter (the “**Supplemental Finance Lease Arrangement IV**”) were arrived at after arm’s length negotiations among the parties thereto with reference to (i) the prevailing commercial practice of companies engaging in similar finance leasing business in the PRC amid the COVID-19 epidemic; and (ii) the current commercial practice of the Lessor offered to other lessees having considered the impact of COVID-19 epidemic on the PRC market.

Taking into account that (i) the Lessee requires additional time to arrange necessary fund flow for the repayment of outstanding amount under the Financial Lease Arrangement IV primarily due to the adverse impact of COVID-19 epidemic on its business operations; (ii) the interest income to be received under the Supplemental Agreement provides a reasonable and stable income in form of interest return to the Group for an extended period; (iii) the Lessor’s entitlement to exercise its rights under the Finance Lease Arrangement IV to demand repayment in the event that the Lessee defaults in payment under the Supplemental Agreement; and (iv) the additional guarantee provided by Guangxi Chaosu, the Board considers that the terms of the Supplemental Finance Lease Arrangement IV are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules, as the entering into of the Supplemental Finance Lease Arrangement IV constitutes material variation of the terms of the Finance Lease Arrangement IV previously disclosed in the Announcement.

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

Hong Kong, 22 October 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\$1.16. 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.*

*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.*