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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 DISPOSAL OF LISTED SECURITIES**

The Company disposed on-market a total of 40,000,000 Target Shares during the period from 31 January 2024 to 1 February 2024, at an average price of approximately HK\$0.28 per Target Share for an aggregate gross sale proceeds of approximately HK\$11.2 million (excluding transaction costs). After the Disposal and as at the date of this announcement, the Company holds 15,465,920 Target Shares, representing approximately 8.22% of the issued share capital of the Target Company. The Company ceases to be a substantial shareholder of the Target Company and the Target Company ceases to be an associate of the Company.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 5% and all of the applicable percentage ratios are below 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and announcement requirements but exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

#### **THE DISPOSAL**

The Company disposed on-market a total of 40,000,000 Target Shares during the period from 31 January 2024 to 1 February 2024, at an average price of approximately HK\$0.28 per Target Share for an aggregate gross sale proceeds of approximately HK\$11.2 million (excluding transaction costs). After the Disposal and as at the date of this announcement, the Company holds 15,465,920 Target Shares, representing approximately 8.22% of the issued share capital of the Target Company. The Company ceases to be a substantial shareholder of the Target Company and the Target Company ceases to be an associate of the Company.

## **Assets disposed of**

The Company disposed of a total of 40,000,000 Target Shares, representing approximately 21.26% of the issued share capital of the Target Company (based on 188,136,000 shares in issue as at the date of this announcement according to publicly available information).

## **Consideration**

The aggregate gross sale proceeds of the Disposal was approximately HK\$11.2 million (excluding transaction costs), which is receivable in cash on settlement. The price for the Disposal represented the market price of the Target Shares at the time of the Disposal.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS**

It is expected that the Company will record an unaudited loss on the Disposal of approximately HK\$5.1 million. Such loss is estimated based on the difference between (a) the aggregate gross sale proceeds of the Disposal (excluding transaction costs) of approximately HK\$11.2 million; and (b) the aggregate of the Company's share of the unaudited net assets of the Target Group as at 30 September 2023 and as adjusted by the completion of rights issue of the Target Company in December 2023 in relation to the Target Shares subject to the Disposal of approximately HK\$16.3 million. The actual loss as a result of the Disposal to be recorded by the Company may be different from the above pro forma calculation and is limited to the availability of the financial information of the Target Company up to the date of the Disposal.

Net proceeds from the Disposal, net of expenses in relation to the Disposal, are estimated to be approximately HK\$11.1 million. The Company intends to use the net proceeds from the Disposal as the Group's working capital.

Following the Disposal, the Company ceases to be a substantial shareholder of the Target Company and the Target Company ceases to be an associate of the Company.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Company is an investment holding company and the Group is principally engaged in trading, money lending, factoring, finance leasing and financial services businesses.

The Disposal was made by the Company as the operating conditions of the Target Company have not met the Company's expectations, and the Company recorded share of loss of the Target Company (as the Company's associate) of over HK\$6.9

million for the year ended 31 March 2023 as set out in the annual report of the Company for the year ended 31 March 2023 dated 29 June 2023.

The Group considers that the Disposal represents an opportunity to allow the Group to enhance its liquidity, and to reallocate the resources and investment portfolio. The Disposal also enables the Group to better utilise its financial resources to develop the existing core businesses, streamline its operations and explore other investment opportunities, and is therefore in the best interests of the Company and its shareholders as a whole.

The Disposal was made at prevailing market price and the Directors are of the view that the Disposal was fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is an investment holding company and the Group is principally engaged in trading, money lending, factoring, finance leasing and financial services businesses.

### **The purchasers**

As the Disposal was made in the open market, the Company is not aware of the identities of the purchasers of the Target Shares. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the purchasers of the Target Shares and their ultimate beneficial owners are Independent Third Parties.

### **The Target Company**

The Target Company is a company incorporated in Hong Kong with limited liability and its issued shares are listed on GEM of the Stock Exchange (Stock Code: 8125). The Target Company is an investment holding company and its subsidiaries are principally engaged in (i) provision of design, fitting out and engineering and procurement of furnishings and related products services, (ii) leasing of construction equipment and provision of related installation services, (iii) sourcing and merchandising of fine and rare wines and (iv) provision of financial services.

The following information is extracted from the published annual reports of the Target Company:

<b>For the year ended / as at</b>	
<b>31 March</b>	
<b>2023</b>	<b>2022</b>
HK\$'000	HK\$'000
<i>(Audited)</i>	<i>(Audited)</i>

Revenue	55,761	57,660
Loss before taxation	(24,796)	(20,936)
Loss after taxation	(24,564)	(21,068)
Total assets	84,400	102,214

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 5% and all of the applicable percentage ratios are below 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and announcement requirements but exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions 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 the Main Board of the Stock Exchange (Stock Code: 2322)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Disposal”	the disposal of a total of 40,000,000 Target Shares by the Company during the period from 31 January 2024 to 1 February 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Target Company”	Royal Century Resources Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on GEM of the Stock Exchange (Stock Code: 8125)
“Target Group”	the Target Company and its subsidiaries
“Target Share(s)”	ordinary shares in the share capital of the Target Company
“%”	per cent

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

Hong Kong, 1 February 2024

*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. Yu Pak Yan, Peter, Mr. Chi Chi Hung, Kenneth and Mr. Yeung Yat Chuen.*