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HONG KONG CHAOSHANG GROUP LIMITED

香港潮商集團有限公司

(formerly known as Noble Century Investment Holdings Limited 仁瑞投資控股有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

DISCLOSEABLE TRANSACTION IN RELATION TO REVOLVING FACTORING FACILITY AGREEMENT

REVOLVING FACTORING FACILITY AGREEMENT

On 11 January 2019, Noble Century Factoring, an indirect wholly-owned subsidiary of the Company, entered into the Revolving Factoring Facility Agreement with the Customer, pursuant to which Noble Century Factoring agreed to provide a revolving factoring facility in a maximum factoring principal amount of RMB10,000,000 (equivalent to approximately HK\$11,100,000) to the Customer for a period commencing from the date of the Revolving Factoring Facility Agreement and ending on 31 December 2020, in return for the factoring interest and the transfer of accounts receivable of the Customer to Noble Century Factoring.

SUPPLEMENTAL REVOLVING FACTORING FACILITY AGREEMENT

The Board would like to announce that on 28 August 2019 (after the trading hours of the Stock Exchange), Noble Century Factoring entered into the Supplemental Revolving Factoring Facility Agreement with the Customer, pursuant to which each of Noble Century Factoring and the Customer has agreed to amend (i) the maximum amount of the revolving factoring facility from RMB10,000,000 (equivalent to approximately HK\$11,100,000) to RMB25,000,000 (equivalent to approximately HK\$27,750,000); and (ii) the financing term to be extended to 19 August 2021.

LISTING RULES IMPLICATIONS

At the material time when the Revolving Factoring Facility Agreement was entered into, as all the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Revolving Factoring Facility Agreement were less than 5%, the entering into of the Revolving Factoring Facility Agreement 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 Revolving Factoring Facility Agreement was entered into.

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Supplemental Revolving Factoring Facility Agreement is more than 5% but less than 25%, the entering into of the Supplemental Revolving 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

On 11 January 2019, Noble Century Factoring, an indirect wholly-owned subsidiary of the Company, entered into the Revolving Factoring Facility Agreement with the Customer, pursuant to which Noble Century Factoring agreed to provide a revolving factoring facility in a maximum factoring principal amount of RMB10,000,000 (equivalent to approximately HK\$11,100,000) to the Customer for a period commencing from the date of the Revolving Factoring Facility Agreement and ending on 31 December 2020, in return for the factoring interest and the transfer of accounts receivable of the Customer to Noble Century Factoring.

REVOLVING FACTORING FACILITY AGREEMENT

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

Date: 11 January 2019

Parties: (i) Noble Century Factoring (as factor); and
(ii) the Customer (as seller)

The Customer is a company established in the PRC with limited liability and principally engaged in trading of food, beverages and baby products. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Customer and its ultimate beneficial owner(s) is an Independent Third Party.

Type of facility: Revolving and with recourse

Financing term: 11 January 2019 to 31 December 2020

Transfer of accounts receivable: Subject to the terms and conditions of the Revolving Factoring Facility Agreement, all rights and interests under the accounts receivable due from the debtor(s) of the Customer as stipulated in the underlying transaction document(s) shall be assigned to Noble Century Factoring.

Payment of factoring principal amount(s): The Customer 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:

- (i) the outstanding factoring principal amount not exceeding the credit limit of RMB10,000,000 (equivalent to approximately HK\$11,100,000);
- (ii) the factoring financing application form(s) having been given before the expiry of the financing term;
- (iii) the relevant accounts receivable of the Customer 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 Revolving 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 the Customer and its debtor(s) for which the accounts receivable has been assigned to Noble Century Factoring; and
- (vi) the Customer not having failed to perform its obligations under the Revolving 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 the Customer.

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 the Customer of such amendment(s) promptly thereafter.

As at the date of this announcement, the factoring principal amount of RMB9,980,000 (equivalent to approximately HK\$11,077,800) under the Revolving Factoring Facility Agreement has been paid to the Customer. Such factoring principal amount provided was financed by the internal resources of the Group.

Factoring interest:

The factoring interest, which is calculated based on the following formula, shall be paid by the Customer to Noble Century Factoring before the factoring principal amount has been paid by Noble Century Factoring:

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

A = the outstanding factoring principal amount

B = the interest rate of 13% 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 19.5% per annum

F = the actual number of days of late payment

Repurchase:

Noble Century Factoring is entitled to demand the Customer to repurchase the outstanding amount of accounts receivable transferred to Noble Century Factoring by serving a notice on the Customer 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 the Customer for any reason whatsoever;
- (ii) the Customer 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 the Customer 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 the Customer fails or may fail to perform its obligations under the Revolving Factoring Facility Agreement, and no remedial measure has been provided and approved by Noble Century Factoring; and
- (v) the Customer having failed to perform its obligation(s) under the Revolving Factoring Facility Agreement.

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

GUARANTEES

As security for the due and punctual performance of the Customer's obligations under the Revolving Factoring Facility Agreement, on 11 January 2019, the Customer procured and each of Guarantor A, Guarantor B and Guarantor C entered into the Guarantee A, Guarantee B and Guarantee C respectively, pursuant to which each of Guarantor A, Guarantor B and Guarantor C agreed to provide an irrevocable guarantee in favour of Noble Century Factoring in respect of all payment obligations of the Customer under the Revolving 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 and their associate(s) is an Independent Third Party.

SUPPLEMENTAL REVOLVING FACTORING FACILITY AGREEMENT

The Board would like to announce that on 28 August 2019 (after the trading hours of the Stock Exchange), Noble Century Factoring entered into the Supplemental Revolving Factoring Facility Agreement with the Customer, pursuant to which each of Noble Century Factoring and the Customer has agreed to amend (i) the maximum amount of the revolving factoring facility from RMB10,000,000 (equivalent to approximately HK\$11,100,000) to RMB25,000,000 (equivalent to approximately HK\$27,750,000); and (ii) the financing term to be extended to 19 August 2021.

Save as disclosed above, all the terms of the Revolving Factoring Facility Agreement shall remain unchanged and in full force and effect and binding on the parties thereto.

GUARANTEES AND LEGAL CHARGE

As security for the due and punctual performance of the Customer's obligations under the Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Facility Agreement), on 28 August 2019, the Customer procured and each of Guarantor A, Guarantor B and Guarantor C entered into the supplemental guarantees, pursuant to which each of Guarantor A, Guarantor B and Guarantor C agreed to provide an irrevocable guarantee in favour of Noble Century Factoring in respect of all payment obligations of the Customer under the Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Facility Agreement).

As additional security for the due and punctual performance of the Customer's obligations under the Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Facility Agreement), on 28 August 2019, the Customer procured and (i) Guarantor D entered into Guarantee D, pursuant to which Guarantor D agreed to provide an irrevocable guarantee in favour of Noble Century Factoring in respect of all payment obligations of the Customer under the Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Facility Agreement); and (ii) Guarantor A entered into the Legal Charge, pursuant to which Guarantor A shall provide a legal charge over various properties located in Shijiazhuang, the PRC in favour of Noble Century Factoring to secure the payment obligations of the Customer under the Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Facility Agreement) up to a maximum amount of RMB25,000,000 (equivalent to approximately HK\$27,750,000).

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

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in vessel chartering, trading, money lending, factoring and finance leasing. 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 Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Agreement), including the credit limit, were arrived at after arm's length negotiations between Noble Century Factoring and the Customer and are on normal commercial terms. The Directors consider that the entering into of the Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring 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 Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Facility Agreement), the Guarantees and the Legal Charge 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 Revolving Factoring Facility Agreement was entered into, as all the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Revolving Factoring Facility Agreement were less than 5%, the entering into of the Revolving Factoring Facility Agreement 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 Revolving Factoring Facility Agreement was entered into.

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Supplemental Revolving Factoring Facility Agreement is more than 5% but less than 25%, the entering into of the Supplemental Revolving 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
“Company”	Hong Kong ChaoShang Group Limited (formerly known as Noble Century Investment Holdings Limited), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange (Stock Code: 2322)
“Customer”	深圳世盛行貿易發展有限公司 (as transliterated as Shenzhen Shishengxing Trade Development Company Limited*) being a company established in the PRC with limited liability
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantee A”	the guarantee dated 11 January 2019 and executed by Guarantor A in favour of Noble Century Factoring for, among other things, the due and punctual performance by the Customer of its payment obligations under the Revolving Factoring Facility Agreement

“Guarantee B”	the guarantee dated 11 January 2019 and executed by Guarantor B in favour of Noble Century Factoring for, among other things, the due and punctual performance by the Customer of its payment obligations under the Revolving Factoring Facility Agreement
“Guarantee C”	the guarantee dated 11 January 2019 and executed by Guarantor C in favour of Noble Century Factoring for, among other things, the due and punctual performance by the Customer of its payment obligations under the Revolving Factoring Facility Agreement
“Guarantee D”	the guarantee dated 28 August 2019 and executed by Guarantor D in favour of Noble Century Factoring for, among other things, the due and punctual performance by the Customer of its payment obligations under the Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Facility Agreement)
“Guarantees”	collectively, the Guarantee A, the Guarantee B, the Guarantee C, the Guarantee D and the supplemental guarantees entered into by each of Guarantor A, Guarantor B and Guarantor C dated 28 August 2019 in favour of Noble Century Factoring for, among other things, the due and punctual performance by the Customer of its payment obligations under the Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Facility Agreement)
“Guarantor A”	林鋼鋒 (transliterated as Lin Gangfeng [#]), (i) beneficial owner of the entire equity interest in the Customer through a trust arrangement, (ii) the sole shareholder of Guarantor C, (iii) the spouse of Guarantor B, and (iv) the son of Guarantor D
“Guarantor B”	蔡小紅 (transliterated as Cai Xiaohong [#]), being the spouse of Guarantor A and the daughter-in-law of Guarantor D

“Guarantor C”	SEASON HONG INTERNATIONAL TRADING LIMITED, a company incorporated in Hong Kong with limited liability, which was wholly-owned by Guarantor A as at the date of this announcement
“Guarantor D”	林少南 (transliterated as Lin Shaonan [#]), being the father of Guarantor A and the father-in-law of Guarantor B
“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
“Legal Charge”	an all monies legal charge over properties located in Shijiazhuang, the PRC, dated 28 August 2019 and executed by Guarantor A in favour of Noble Century Factoring as security for the Revolving Factoring Facility Agreement (as supplemented by the Supplemental Revolving Factoring Facility Agreement)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

“Revolving Factoring Facility Agreement”	the revolving factoring facility agreement dated 11 January 2019 entered into between Noble Century Factoring and the Customer, pursuant to which Noble Century Factoring agreed to provide a revolving factoring facility in a maximum amount of RMB10,000,000 (equivalent to approximately HK\$11,100,000) to the Customer for a period commencing from the date of the Revolving Factoring Facility Agreement and ending on 31 December 2020
“Shares”	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
“Supplemental Revolving Factoring Facility Agreement”	the supplemental revolving factoring facility agreement dated 28 August 2019 entered into between Noble Century Factoring and the Customer
“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, 28 August 2019

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\$1.11. 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.