

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHIGO HOLDING LIMITED

志高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 449)

DISCLOSEABLE TRANSACTION FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that, on 18 June 2021, Guangdong Chigo, an indirect wholly-owned subsidiary of the Company, entered into the Finance Lease Contract with Yaoda Leasing, pursuant to which Yaoda Leasing has conditionally agreed to purchase the Equipment from Guangdong Chigo at an aggregate consideration of RMB15,000,000 (equivalent to approximately HK\$18,226,000) and lease the Equipment back to Guangdong Chigo for a period of 24 months.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Finance Lease Arrangement is more than 5% but all of the ratios are less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements under the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that, on 18 June 2021, Guangdong Chigo, an indirect wholly-owned subsidiary of the Company, entered into the Finance Lease Contract with Yaoda Leasing, pursuant to which Yaoda Leasing has conditionally agreed to purchase the Equipment from Guangdong Chigo at a consideration of RMB15,000,000 (equivalent to approximately HK\$18,226,000) and lease the Equipment back to Guangdong Chigo for a period of 24 months.

2. FINANCE LEASE ARRANGEMENT

The principal terms of the Finance Lease Contract are set out as follows:

Date

18 June 2021

Parties

- (a) Yaoda Leasing, as the purchaser and the lessor under the Finance Lease Contract
- (b) Guangdong Chigo, as the seller and the lessee under the Finance Lease Contract

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Yaoda Leasing and its ultimate beneficial owner(s) are third parties independent of and are not connected persons (as defined under the Listing Rules) of the Company.

Subject Matter

Sale of the Equipment to Yaoda Leasing

Pursuant to the Finance Lease Contract, Guangdong Chigo will sell, and Yaoda Leasing will purchase, the Equipment owned by Guangdong Chigo free from any title defects and encumbrances at an aggregate consideration of RMB15,000,000 (equivalent to approximately HK\$18,226,000) (the "**Purchase Price**"). The Purchase Price was determined after arm's length negotiation between Guangdong Chigo and Yaoda Leasing with reference to the initial purchase price and the carrying value of the Equipment.

The Purchase Price shall be paid by Yaoda Leasing to Guangdong Chigo upon the fulfilment of certain conditions including, among others, the Corporate Guarantee having been granted.

Lease back of the Equipment by Guangdong Chigo

Pursuant to the Finance Lease Contract, the Equipment is then leased back to Guangdong Chigo for a period of 24 months.

Ownership of the Equipment

During the Lease Period, the ownership of the Equipment shall vest in Yaoda Leasing.

Subject to Guangdong Chigo having duly and fully performed all its obligations under the Finance Lease Contract, Yaoda Leasing shall transfer the ownership of the Equipment to Guangdong Chigo at an agreed nominal consideration of RMB1,000 (the “**Nominal Buy-back Consideration**”) upon the expiry of the Lease Period.

Lease Payments

The aggregate lease payments (the “**Lease Payments**”) payable by Guangdong Chigo to Yaoda Leasing under the Finance Lease Contract shall be approximately RMB16,037,000 (equivalent to approximately HK\$19,486,000), comprising the principal sum of RMB15,000,000 (equivalent to approximately HK\$18,226,000) and interest of approximately RMB1,037,000 (equivalent to approximately HK\$1,260,000), and shall be payable in 24 monthly installments by Guangdong Chigo to Yaoda Leasing.

The Lease Payments to be made under the Finance Lease Contract were determined after arm’s length negotiations between Guangdong Chigo and Yaoda Leasing with reference to the prevailing market rates for finance lease of comparable equipment and machinery. The Lease Payments payable by Guangdong Chigo is expected to be settled by cash out of the Group’s internal resources.

Corporate Guarantee

Pursuant to the Finance Lease Contract, the Company has to provide corporate guarantee (the “**Corporate Guarantee**”) in favour of Yaoda Leasing to secure the obligations of Guangdong Chigo under the Finance Lease Contract.

3. INFORMATION OF GUANGDONG CHIGO AND YAODA LEASING

Guangdong Chigo is a company established in the PRC with limited liability and is principally engaged in the manufacture and sales of air-conditioners. Guangdong Chigo is an indirect wholly-owned subsidiary of the Company.

Insofar as the Company is aware, Yaoda Leasing is a company established in the PRC with limited liability and is principally engaged in the finance lease and other leasing business.

Based on information available to the Company:

- (a) Yaoda Leasing is owned as to: (i) approximately 29.66% by Foshan Financial Investment Holdings Co., Ltd.* (佛山市金融投資控股有限公司) (“**Foshan Financial**”), (ii) approximately 7.35% by Fojin Hongkong Limited (佛金香港有限公司) (“**Fojin HK**”), (iii) approximately 17.65% by Lucky Crown Holdings Limited (福冠集團有限公司) (“**Lucky Crown**”), and (iv) approximately 45.34% by four other corporate equity holders; and

- (b) Foshan Financial, Fojin HK and Lucky Crown, being holders of approximately 54.66% of the total equity of Yaoda Leasing in aggregate, are ultimately controlled by the State-owned Assets Supervision and Administration Commission of Foshan Municipal Government of the PRC* (佛山市人民政府國有資產監督管理委員會).

4. REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Company is an investment holding company and the Group is principally engaged in the design, development, manufacturing and sale of air-conditioning products.

The Directors consider that the Finance Lease Arrangement would enhance the working capital position of and provide medium term financing alternate to short-term loans for the Group, without material impact on the actual production and operation of Guangdong Chigo. Further, the terms of the Finance Lease Arrangement have been agreed after arm's length negotiations between the relevant parties with reference to the initial purchase price and the carrying value of the Equipment as well as the prevailing market rates for finance lease of comparable equipment and machinery.

In light of the above, the Directors consider that the terms of the Finance Lease Contract are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Finance Lease Arrangement is more than 5% but all of the ratios are less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements under the Listing Rules.

6. CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 15 May 2020. Pending the fulfillment of the Stock Exchange's resumption guidance, the trading in the shares of the Company will continue to be suspended until further notice.

7. DEFINITIONS

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

“Board” the board of directors of the Company

“Company”	Chigo Holding Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“Corporate Guarantee”	has the meaning ascribed to it in the section headed “2. Finance Lease Arrangement – Corporate Guarantee” in this announcement
“Director(s)”	the director(s) of the Company
“Equipment”	certain machinery and equipment located in Foshan, Guangdong, PRC in connection with the manufacture of air-conditioners by Guangdong Chigo
“Finance Lease Arrangement”	the finance lease arrangement as contemplated under the Finance Lease Contract
“Finance Lease Contract”	the finance lease contract dated 18 June 2021 entered into between Yaoda Leasing and Guangdong Chigo in relation to (i) the purchase of the Equipment by Yaoda Leasing from Guangdong Chigo; and (ii) the lease of the Equipment by Guangdong Chigo from Yaoda Leasing
“Group”	the Company and its subsidiaries
“Guangdong Chigo”	廣東志高空調有限公司 (Guangdong Chigo Air-conditioning Co., Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Lease Payments”	has the meaning ascribed to it in the section headed “2. Finance Lease Arrangement – Lease Payments” in this announcement
“Lease Period”	a period of 24 months commencing on the payment date of the Purchase Price as stipulated under the Finance Lease Contract
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Nominal Buy-back Consideration”	has the meaning ascribed to it in the section headed “2. Finance Lease Arrangement – Subject Matter – Ownership of the Equipment” in this announcement
“PRC”	The People’s Republic of China
“Purchase Price”	has the meaning ascribed to it in the section headed “2. Finance Lease Arrangement – Subject Matter – Sale of the Equipment to Yaoda Leasing” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yaoda Leasing”	廣東耀達融資租賃有限公司 (Yaoda Finance Lease Co., Ltd.*)
“%”	per cent.

By order of the Board
Chigo Holding Limited
Li Xinghao
Chairman

Hong Kong, 18 June 2021

As at the date of this announcement, the executive Directors are Li Xinghao, Li Xiuhui and Huang Guijian, and the independent non-executive Directors are Wang Manping, Pan Mingjun and Peng Ciguang.

* *The English translation is provided for identification purpose only*

For the purposes of this announcement, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1.00 to RMB0.823 for the purpose of illustration only.