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China Shenghai Food Holdings Company Limited

中國升海食品控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1676)

(1) PROPOSED CHANGE OF COMPANY NAME; AND (2) PROPOSED SHARE CONSOLIDATION

PROPOSED CHANGE OF COMPANY NAME

The Board of the Company proposes to change the name of the Company from “China Shenghai Food Holdings Company Limited” to “China Shenghai Group Limited”, and the dual foreign name in Chinese of the Company from “中國升海食品控股有限公司” to “中國升海集團有限公司”. The Change of Company Name is conditional upon, among other things, the approval of the Shareholders at the AGM.

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders a proposal of Share Consolidation on the basis that every ten (10) issued and unissued Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.10 each in the share capital of the Company. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the AGM.

GENERAL

A circular containing, among other things, further details of the above proposals in relation to the Change of Company Name and Share Consolidation together with the notice of the AGM and related proxy form, will be despatched to the Shareholders on or before Wednesday, 22 April 2020.

PROPOSED CHANGE OF COMPANY NAME

The Board of the Company proposes to change the name of the Company from “China Shenghai Food Holdings Company Limited” to “China Shenghai Group Limited”, and the dual foreign name in Chinese of the Company from “中國升海食品控股有限公司” to “中國升海集團有限公司”.

Conditions of the Change of Company Name

The Change of Company Name is subject to the following conditions:

- (i) the passing of a special resolution by the Shareholders approving the Change of Company Name at the AGM; and
- (ii) the approval of the Registrar of Companies in the Cayman Islands having been obtained for the Change of Company Name.

Subject to the satisfaction of the conditions set out above, the Change of Company Name will take effect from the date of issue of the certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

Effect of the Change of Company Name

The Change of Company Name will not affect any rights of the holders of securities of the Company or the Company’s daily business operation and its financial position.

All existing share certificates in issue bearing the present name of the Company shall, upon the Change of Company Name becoming effective, continue to be good evidence of title to the Shares and valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing share certificates. Once the Change of Company Name becomes effective, new share certificates will be issued only in the new name of the Company.

In addition, upon the Change of Company Name becoming effective and subject to the confirmation by the Stock Exchange, the Company will change its English and Chinese stock short names for trading in the Shares on the Stock Exchange accordingly. Subject to the Change of Company Name becoming effective, the Company may also adopt a new company logo.

Reason for the Change of Company Name

The Board considers that the Change of Company Name will better reflect the current status of the Group and its direction of future development. The Board believes that the new English and Chinese names of the Company will provide the Company with a new corporate image which will benefit the Company's future business development. Therefore, the Board considers that the Change of Company Name is in the best interests of the Company and the Shareholders as a whole.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.10 each in the share capital of the Company.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of the ordinary resolution to approve the Share Consolidation by the Shareholders at the AGM; and
- (ii) the Listing Committee granting approval to the listing of and permission to deal in the Consolidated Shares.

Effect of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, of which 1,000,000,000 Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the AGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$100,000,000 divided into 1,000,000,000 Consolidated Shares of par value of HK\$0.10 each, of which 100,000,000 Consolidated Shares of par value of HK\$0.10 each will be in issue. As at the date of this announcement, the Company has no outstanding warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

Listing Application

An application will be made by the Company to the Listing Committee for the listing of and the permission to deal in the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, upon the Share Consolidation being effective, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Assuming all the conditions are fulfilled, the Share Consolidation will become effective on the second Business Day following the passing of the ordinary resolution at the AGM, which is expected to be held on Monday, 25 May 2020.

Upon the Share Consolidation becoming effective, all Consolidated Shares will rank *pari passu* in all respects with each other. Fractions of Consolidated Shares that arise from the Share Consolidation will not be allocated to the Shareholders otherwise entitled thereto and will be aggregated and sold for the benefit of the Company.

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

Board lot size

Currently, the existing Shares are traded on the Stock Exchange in the board lot size of 4,000 existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 4,000 Consolidated Shares.

Based on the closing price of HK\$0.1 per existing Share (equivalent to the theoretical closing price of HK\$1.0 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement (the “**Closing Price**”), the value of each board lot of the existing Shares is HK\$400 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$4,000.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. In view of the recent trading price of the Shares, the Board on its initiative proposes to effect the Share Consolidation in order to comply with the trading requirements of the Listing Rules.

In addition, pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 28 June 2019 (the “**Guideline**”), the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, based on the Closing Price with a board lot size of 4,000 Shares, the Company is trading under HK\$2,000 per board lot. For the purpose of reducing transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes the Share Consolidation. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Shares and may attract more investors and extend the shareholders base of the Company.

The Board has considered different possible combinations of the share consolidation and concluded that the proposed consolidation of every ten (10) issued and unissued existing Shares into one (1) Consolidated Share is the most feasible option as it would minimise the creation of odd lots; and the board lot value after Share Consolidation, calculated based on the Closing Price, will be HK\$4,000 which is over HK\$2,000 (the minimum transaction costs for a securities trade) while not making the cost for each board lot being too high. Accordingly, the Board is of the view that the Share Consolidation are in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company does not have any plan or intention of future corporate actions including but not limited to fund raising exercises which will further change the trading arrangement of the Company in the next 12 months. However, the Directors consider that they will contemplate fund raising activities whenever they think reasonably necessary.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to top up or sell their holding of odd lots of the Consolidated Shares. Details of the odd lot trading arrangement will be stated in the circular to be despatched to the Shareholders which shall also contain, inter alia, details of the Share Consolidation.

Holders of odd lots of the Consolidated Shares should note that matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed.

Free exchange of share certificates and trading arrangement

Subject to the Share Consolidation becoming effective, Shareholders may submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong between 9:00 a.m. and 4:30 on any Business Day during the period from Wednesday, 27 May 2020 to Monday, 6 July 2020 (both dates inclusive), to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares. It is expected that the new share certificates for the Consolidated Shares will be available for collection within 10 Business Days after the submission of the existing share certificates to the branch share registrar for exchange. Thereafter, the share certificates for the existing Shares will cease to be valid for delivery, trading, settlement and registration purpose but will remain effective as documents of legal title and will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) per existing share certificate cancelled or new share certificate issued (whichever is the higher) by the Shareholders. The existing share certificates are in light green colour and the new share certificates will be in light yellow colour.

WARNING

Shareholders and potential investors should also be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed "Conditions of the Share Consolidation" above. Therefore, the Share Consolidation may or may not proceed.

Expect timetable

The expected timetable relating to the Share Consolidation and the associated trading arrangement are as follows:

Despatch of circular with notice of AGM On or before
Wednesday, 22 April 2020

Latest date and time for lodging transfer documents
in order to qualify for attending and voting at the AGM 4:30 p.m.
Tuesday, 19 May 2020

Closure of register of members for the entitlement
to attend and vote at the from Wednesday, 20 May 2020 to
Monday, 25 May 2020
(both days inclusive)

Latest date and time for lodging forms of proxy for the AGM
(not less than 48 hours prior to the time of the AGM) 2:30 p.m.
Saturday, 23 May 2020

Date and time of the AGM	2:30 p.m. Monday, 25 May 2020
Announcement of poll results of the AGM	Monday, 25 May 2020
The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation, which are included in this announcement.	
Effective date of the Share Consolidation	Wednesday, 27 May 2020
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares commences.....	Wednesday, 27 May 2020
Dealings in the Consolidated Shares commences.....	9:00 a.m. Wednesday, 27 May 2020
Original counter for trading in the existing Shares (in board lots of 4,000 Shares in the form of existing share certificates) temporarily closes	9:00 a.m. Wednesday, 27 May 2020
Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. Wednesday, 27 May 2020
Original counter for trading in the Consolidated Shares (in board lots of 4,000 Consolidated Shares in the form of new share certificates) re-opens	9:00 a.m. Wednesday, 10 June 2020
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. Wednesday, 10 June 2020
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. Wednesday, 10 June 2020
Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes.....	4:10 p.m. Thursday, 2 July 2020

Parallel trading in the Consolidated Shares
(in form of new share certificates and
existing share certificates) ends4:10 p.m.
Thursday, 2 July 2020

Designated broker ceases to stand in the market to provide
matching services for odd lots of the Consolidated Shares4:10 p.m.
Thursday, 2 July 2020

Last day for free exchange of existing share certificates
for new share certificates for the Consolidated Shares.....Monday, 6 July 2020

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

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A circular containing, among other things, further details of the above proposals in relation to the Change of Company Name and Share Consolidation together with the notice of the AGM and related proxy form, will be despatched to the Shareholders on or before Wednesday, 22 April 2020.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held to consider and, if thought fit, among other things, approve the Change of Company Name and Share Consolidation
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and Sunday) on which licensed banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change of Company Name”	proposed change the name of the Company from “China Shenghai Food Holdings Company Limited” to “China Shenghai Group Limited”, and the dual foreign name in Chinese of the Company from “中國升海食品控股有限公司” to “中國升海集團有限公司”
“Company”	China Shenghai Food Holdings Company Limited, a limited company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1676)
“Consolidated Shares”	consolidated ordinary share(s) of HK\$0.10 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share Consolidation”	the proposed consolidation of every ten (10) Shares into one Consolidated Share
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company prior to the Share Consolidation
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By the Order of the Board
China Shenghai Food Holdings Company Limited
Liu Rongru
Joint-Chairman and Chief Executive Officer

Xiamen, the PRC, 27 March 2020

As at the date of this announcement, the non-executive director of the Company is Mr. Li Dongfan; the executive directors of the Company are Mr. Liu Rongru and Ms. Li Jiayin and the independent non-executive directors of the Company are Mr. Liu Dajin, Mr. Liu Junting and Mr. Pang Wai Ching.