

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.

This announcement appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



中國升海集團有限公司
China Shenghai Group Limited

(formerly known as China Shenghai Food Holdings Company Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1676)

**DISCLOSEABLE TRANSACTION –
ACQUISITION OF TALENT TRADER INVESTMENT
DEVELOPMENT LIMITED
AND RESUMPTION OF TRADING IN SHARES**

On 23 March 2021, the Company entered into the Acquisition Agreement with the Vendor pursuant to which the Vendor agreed to sell, and the Company agreed to purchase, 51% shareholding in the Target Company for a consideration of RMB19,737,000, which shall be satisfied by payment in cash by the Group.

The Target Company is currently 100% held by the Vendor. After Completion, the Target Company will become a direct non wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition would exceed 5% but are less than 25%, the Acquisition therefore constitutes a discloseable transaction for the Company under the Listing Rules.

RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was halted at the request of the Company with effect from 10:09 a.m. on 23 March 2021 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 1:00 p.m. on 23 March 2021.

On 23 March 2021, the Company entered into the Acquisition Agreement with the Vendor pursuant to which the Vendor agreed to sell, and the Company agreed to purchase, 51% shareholding in the Target Company for a consideration of RMB19,737,000, which shall be satisfied by payment in cash by the Group.

ACQUISITION AGREEMENT

Date: 23 March 2021

Purchaser: the Company

Vendor: Gao Haiquan

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is a third party independent of the Company and connected persons of the Company.

Consideration

Pursuant to the Acquisition Agreement, the Vendor agreed to sell, and the Company agreed to purchase, 51% shareholding in the Target Company for a consideration of RMB19,737,000, which shall be satisfied by payment of RMB19,737,000 in cash by the Company.

The consideration was arrived at after arm's length negotiation among the parties with reference to the prevailing market value of market comparable companies engaged in similar business of the Target Group.

The Company shall pay the consideration of RMB8,000,000, i.e. the Initial Payment, in cash upon the execution of the Acquisition Agreement. Upon Completion, the Company shall pay the balance of RMB11,737,000 in cash to the Vendor.

Conditions precedent

Completion shall be conditional upon the fulfilment or waiver of the following conditions:

- (a) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Acquisition Agreement having been obtained by the Vendor and the Target Group;
- (b) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of this Agreement having been obtained by the Company;
- (c) the warranties in the Acquisition Agreement remaining true, accurate and complete in all respects and not misleading in any respect as at Completion;
- (d) the Company being satisfied that there has been no material adverse change as at Completion;
- (e) no breach of obligations and undertakings given by the Vendor under the Acquisition Agreement to be performed before Completion having occurred; and

(f) the Company being satisfied with its due diligence on the Target Group.

The Company may in its absolute discretion waive any conditions precedent (other than the conditions precedent (b) above). In the event that not all of the conditions precedent are fulfilled or waived by 31 May 2021, the Company shall not be bound to proceed with the Acquisition, and the Vendor shall within three business days thereafter return the Initial Payment to the Purchaser.

Completion

Completion shall take place on the tenth business day following the fulfilment or waiver of the conditions precedent or such other date as the parties may agree in writing.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Target Group is principally engaged in the sales of household products through online retail stores.

The Group has been identifying and exploring suitable projects and/or investment with good profit potential for acquisition so as to diversify the Group's business and bring return to the shareholders of the Company. The Directors believe that the Target Group has good growth potential and will be a value-adding complement to the Group's existing business. The Directors further believe that the Acquisition are beneficial to the Company and its shareholders. Following Completion, the Target Company will become a non wholly-owned subsidiary of the Company and the financial information of the Target Group will be consolidated into the accounts of the Group.

The Directors consider the terms of the Acquisition to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE VENDOR AND THE TARGET GROUP

The Vendor is a PRC resident and is a businessman.

The Target Company is an investment holding company. The Target Group is principally engaged in the sales of household products through online retail stores.

Based on the financial information of the Target Group prepared under HKGAAP, the profit before and after taxation and extraordinary items of the Target Group is as follows:

	For the period from 23 March 2018 (date of incorporation) to 31 December 2019 (audited) RMB'000	For the period from 1 January 2020 to 30 October 2020 (unaudited) RMB'000
Profit before taxation and extraordinary items	579	3,327
Profit after taxation and extraordinary items	579	3,327

The unaudited net assets value of the Target Group as at 31 October 2020 was approximately RMB3,483,000.

INFORMATION ON THE GROUP

The principal activities of the Group are packaging and sales of dried seafood in the PRC and sales of fast moving consumer goods in Hong Kong and Asia Pacific Region.

The Company is an investment holding company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition would exceed 5% but are less than 25%, the Acquisition therefore constitutes a discloseable transaction for the Company under the Listing Rules.

RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was halted at the request of the Company with effect from 10:09 a.m. on 23 March 2021 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 1:00 p.m. on 23 March 2021.

DEFINITIONS

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

“Acquisition”	the acquisition of 51% shareholding in the Target Company by the Company from the Vendor pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 23 March 2021 entered by the Company and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Company”	China Shenghai Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Initial Payment”	part of the consideration of RMB8,000,000 in cash to be paid by the Group to the Vendor upon the execution of the Acquisition Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Talent Trader Investment Development Limited, a company incorporated in the British Virgin Islands which was 100% owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Gao Haiquan
“%”	per cent

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

Xiamen, the PRC, 23 March 2021

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.