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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 FORMATION OF A JOINT VENTURE COMPANY

INTRODUCTION

The Board is pleased to announce that on 16 March 2022, the Company and CS Business Solutions entered into the Agreement in relation to the formation of the JV Company in the Hong Kong to be engaged in the operation of B2B trading platform of high-demand mobile phones and electronic components and B2B supply chain financing business.

THE AGREEMENT

Date

16 March 2022

Parties

- (1) the Company; and
- (2) CS Business Solutions

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, CS Business Solutions, together with its respective ultimate beneficial owner(s), are independent third parties of the Company and its connected persons (as defined in the Listing Rules).

Formation

The parties to the Agreement agreed that JV Company will be established in Hong Kong. The JV Company will be owned as to 55% by the Company and 45% by CS Business Solutions.

Business scope

The JV Company will be principally engaged in the operation of B2B trading platform of high-demand mobile phones and electronic components and B2B supply chain financing business.

Capital contribution

Pursuant to the Agreement, the capital of the JV Company will be contributed as to HK\$5,500,000 by the Company and HK\$4,500,000 by CS Business Solutions.

The Group intends to finance its share of the capital contribution to the JV Company of HK\$5,500,000 by internal resources.

Financial impact to the Group

The total capital contributions of the JV Company is HK\$10,000,000, of which HK\$5,500,000 shall be contributed by the Group. Upon the establishment of the JV Company, the JV Company will become a non wholly-owned subsidiary of the Company and the financial information of the JV Company will be consolidated into the accounts of the Group.

INFORMATION ABOUT THE PARTIES

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.

CS Business Solutions is principally engaged in the logistics business in Hong Kong.

REASONS FOR ENTERING INTO THE AGREEMENT

The Group has been identifying and exploring suitable projects and/or investment with good profit potential so as to diversify the Group's business and bring return to the shareholders of the Company. The Directors believe that the JV Company will have good growth potential and will be a value-adding complement to the Group's existing business. The Directors further believe that the establishment of JV Company is beneficial to the Company and its shareholders. Following establishment, the JV 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 that the transactions contemplated under the Agreement are in the ordinary and usual course of business of the Group and the terms of the Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Agreement exceeds 5% and all of the percentage ratios are less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement entered into by the Company and CS Business Solutions on 16 March 2022
“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 (Stock code: 1676)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“JV Company”	a company to be established in the PRC with limited liability in accordance with the terms and conditions of the Agreement
“Parties”	the parties to the Agreement, being the Company and CS Business Solutions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“CS Business Solutions”	CS Business Solutions Limited, a limited liability company incorporated in the British Virgin Island

By the Order of the Board
China Shenghai Group Limited
Li Dongfan
Joint-Chairman and Executive Director

Xiamen, the PRC, 16 March 2022

As at the date of this announcement, the executive directors of the Company are Mr. Li Dongfan, Mr. Liu Rongru and Ms. Chen Xiaoling and the independent non-executive directors of the Company are Mr. Liu Dajin, Mr. Liu Junting and Mr. He Jian.