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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1676)

VOLUNTARY ANNOUNCEMENT

This is a voluntary announcement made by the Board in relation to the update of business development of the Group.

INTRODUCTION

The Board is pleased to announce that on 18 August 2023, the Company and Shanghai Xinyueyuan entered into the Potential Cooperation Memorandum in relation to the long term strategic cooperation on food industry chain.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Shanghai Xinyueyuan, and its controlling shareholder(s), are independent third parties of the Company and its connected persons (as defined in the Listing Rules).

KEY TERMS OF THE POTENTIAL COOPERATION MEMORANDUM

Pursuant to the terms of the Potential Cooperation Memorandum, the Parties will combine their respective strengths in products, sales channels and resources, with a vision to supply high-quality, healthy agricultural products and food products and strive to jointly build an stable supply chain for food products.

The Potential Cooperation Memorandum shall be valid for one year from 18 August 2023.

As the potential cooperation is subjected to finalisation upon entering into a definitive agreement, the potential cooperation may or may not proceed. Should the Parties are unable to reach a definitive agreement or to extend the Potential Cooperation Memorandum, the Potential Cooperation Memorandum shall cease and terminate and none of the Parties thereto shall seek for compensation against and/or have any obligations and liabilities towards each other.

Save for the terms on confidential information, the Potential Cooperation Memorandum is not legal binding.

REASONS FOR ENTERING INTO THE POTENTIAL COOPERATION AGREEMENT

The principal activity of Shanghai Xinyueyuan is ecological catering and construction of supply chain of agricultural products. Its ecological catering business included Guozhixian Self Served Hot Pot, Xianshe Noodles House and Chuanangong Barbecue brands, operating over 70 shops in areas of Chongqing, Shandong, Jiangsu, Zhejiang, Shanghai, Beijing, Tianjin, Hebei, Shanxi and Henan.

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 Potential Cooperation Memorandum will further strengthen the layout of the Group's existing food businesses. The Directors consider that the terms of the Potential Cooperation Memorandum are based on normal commercial terms in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DEFINITIONS

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

“Board”	the Board of Directors of the Company
“Company”	China Shenghai Group Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Potential Cooperation Memorandum, being the Company and Shanghai Xinyueyuan
“Potential Cooperation Memorandum”	the potential cooperation memorandum entered into by the Company and Shanghai Xinyueyuan on 27 July 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Shanghai Xinyueyuan

Shanghai Xinyueyuan Brand Management Co., Ltd. 上海鑫栎缘品牌管理有限公司, a Company established under the laws of the People’s Republic of China

By the Order of the Board
China Shenghai Group Limited
Hu Hongchu
Joint-Chairman and Executive Director

Hong Kong, 18 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Hu Hongchu, Mr. Li Tingfeng and Ms. Chen Chun and the independent non-executive directors of the Company are Mr. Shum Ching Hei, Mr. He Jian and Mr. Lin Zhenqing.