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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
FORMATION OF JOINT VENTURE

This announcement is made by the Company on a voluntary basis to provide shareholders and potential investors of the Company with the latest business update of the Group.

The Board is pleased to announce that Shenghai Commerce (a wholly-owned subsidiary of the Company), Shandong Xinsheng and Beijing Baiweixiang have reached consensus and agreed to enter into the Investment-Cooperation Agreement in respect of the formation of the Joint Venture in the PRC. The major terms of the Investment-Cooperation Agreement are set out as follows:

Date: 18 November 2022

Parties: (i) Shenghai Commerce
(ii) Shangdong Xinsheng; and
(iii) Beijing Baiweixiang

Subject matter: The Joint Venture will be a limited liability company to be established in accordance with the laws of the PRC and the provisions of the Investment-Cooperation Agreement, its principal activities are sales of iberico and operations of e-commerce platform.

Capital contribution Pursuant to the Investment-Cooperation Agreement, the registered capital of the Joint Venture shall be RMB10,000,000. Shenghai Commerce, Shangdong Xinsheng and Beijing Baiweixiang shall contribute RMB3,100,000, RMB4,900,000 and RMB2,000,000 respectively by way of cash, and will hold 31%, 49% and 20% equity interest in the Joint Venture respectively. Upon completion of contribution to the registered capital, Shenghai Commerce, Shangdong Xinsheng and Beijing Baiweixiang shall provide to the Joint Venture, according to their respective shareholding, a total of RMB10,000,000 of cash as operating cash reserve.

INFORMATION ON THE GROUP AND THE PARTIES TO THE INVESTMENT-COOPERATION AGREEMENT

The Company is a company incorporated in the Cayman Islands with limited liability. The Group sells dried seafood, algae and fungi, and seafood snacks in the PRC.

Shandong Xinsheng is a company engaged in the whole industry chain of breeding, fattening and sales of iberico. Its business covers the development and utilization of iberico provenance, feed research and development, standardization of iberico breeding, slaughtering and segmentation, and logistics distribution.

Beijing Baiweixiang is a technological enterprise engaged in the research and development and sales of prepared dishes, it mainly engaged in the research and development and sales of special prepared dishes such as ready-to-eat and preheated dishes mainly based on iberico products.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shangdong Xinsheng, Beijing Baiweixiang and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

REASONS FOR THE POSSIBLE INVESTMENT

The Group has been identifying and exploring suitable cooperation projects 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 Joint Venture has good growth potential and will further strengthen the layout of the Group's existing food businesses.

The terms of the Investment-Cooperation Agreement were negotiated between the parties thereto after arm's length negotiations. In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Investment-Cooperation Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of Investment-Cooperation Agreement is below 5%, the formation of the Joint Venture contemplated under the Investment-Cooperation Agreement is exempted from the requirements under Chapter 14 of the Listing Rules.

In the case of any further contribution to the registered capital of the Joint Venture, the Company will observe the requirements under Chapter 14 of the Listing Rules and issue further announcement or to seek approval from the Shareholders as and when appropriate.

DEFINITIONS

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

“Beijing Baiweixiang”	Beijing Baiweixiang 139 Food Technology Co., Ltd., a limited company established in the PRC
“Board”	the board of Directors
“Company”	China Shenghai Group Limited (中國升海集團有限公司), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Investment-Cooperation Agreement”	the investment-cooperation agreement entered into by the between Shenghai Commerce, Shandong Xinsheng and Beijing Baiweixiang on 18 November 2022 in relation to the establishment of the Joint Venture
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Shandong Xinsheng”	Shandong Xinsheng Agriculture Co., Ltd., a limited company established in the PRC
“RMB”	Renminbi, the lawful currency of the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited
“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

By the Order of the Board
China Shenghai Group Limited
Liu Junting
Joint-Chairman and Executive Director

Xiamen, the PRC, 18 November 2022

As at the date of this announcement, the executive directors of the Company are Mr. Liu Rongru, Mr. Liu Junting, Ms. Chen Chun and Ms. Li Yanfeng, the non-executive directors of the Company are Mr. Hu Hongchu and Mr. Chen Futian and the independent non-executive directors of the Company are Mr. Chow Yun Cheung, Mr. He Jian and Mr. Lin Zhenqing.