

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.



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)

**INSIDE INFORMATION
MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE POSSIBLE ACQUISITION**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 26 October 2021, the Group entered into a Memorandum of Understanding in relation to the Possible Acquisition.

The Board wishes to emphasize that the Memorandum of Understanding is not legally binding. As at the date of this announcement, no legally binding agreement in relation to the Possible Acquisition has been entered into.

If the Possible Acquisition materialises, the transaction may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in accordance with applicable requirements of the Listing Rules as and when appropriate.

As the Memorandum of Understanding is not legally binding, the Group may or may not proceed the Possible Acquisition with the respective possible seller under the Memorandum of Understanding. Further, as no legally binding agreement with respect to the Possible Acquisition has been entered into, the Possible Acquisition may or may not proceed. Shareholders and possible investors of the Company are reminded to exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 26 October 2021, the Group entered into a Memorandum of Understanding in relation to the Possible Acquisition.

The major terms and conditions of the Memorandum of Understanding are set forth as follows:

Date: 26 October 2021

Parties: (i) the Company, as the possible purchaser; and

(ii) Xia Wei, as the possible seller

Subject matter: the Company intends to acquire and obtain from the Sellers, and the Sellers intend to sell and transfer to the Company, approximately 51% of the entire issued share capital of the Target Company.

Consideration: Not more than HKD30,000,000

Nevertheless, the consideration remains under negotiation and will be disclosed in a further announcement upon entering into a definitive agreement in respect of the Possible Acquisition.

Exclusivity: The possible seller have undertaken to the Company that, during the period commencing on the date of the Memorandum of Understanding and ending on (and including) the earlier of: (a) the date falling 90 days after the date of the Memorandum of Understanding; and (b) the date on which the Company and the possible seller have agreed to terminate the negotiation of the Possible Acquisition in writing, the Company shall have an exclusive right to negotiate the Possible Acquisition with the possible seller.

Non-legally Binding: Save for the provisions of the Memorandum of Understanding in relation to exclusivity, confidential information, joint and several liability of the possible seller, governing law and dispute resolution, the Memorandum of Understanding is not legally binding.

Further information regarding the terms and conditions of the Possible Acquisition will be set out in a further announcement upon entering into a definitive agreement regarding the Possible Acquisition.

REASONS FOR THE POSSIBLE ACQUISITION

The Target Group is principally engaged in the online sales of consumer electronic products.

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 further strengthen the e-commerce layout of the Group's existing businesses.

GENERAL

The Board wishes to emphasize that the Memorandum of Understanding is not legally binding and not exclusive. As at the date of this announcement, no legally binding agreement in relation to the Possible Acquisition has been entered into.

The final terms of the definitive agreement in respect of the Possible Acquisition are subject to further negotiations between the parties and have yet to be finalised and may therefore deviate from those set out in the Memorandum of Understanding.

If the Possible Acquisition materialises, the transaction may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in accordance with applicable requirements of the Listing Rules as and when appropriate.

As the Memorandum of Understanding is not legally binding, the Group may or may not proceed the Possible Acquisition with the respective possible seller under the Memorandum of Understanding. Further, as no legally binding agreement with respect to the Possible Acquisition has been entered into, the Possible Acquisition may or may not proceed. Shareholders and possible investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“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

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party who is independent of the Company and its connected persons (as defined in the Listing Rules)
“Memorandum of Understanding”	the memorandum of understanding entered into by the Group on 26 October 2021 in relation to the Possible Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Target Company”	Fulling Way Technologies Limited, a limited company incorporated in Hong Kong
“Possible Acquisition”	the possible acquisition of the Properties by the Group
“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
Li Dongfan
Joint-Chairman and Executive Director

Hong Kong, 26 October 2021

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.