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CHINA SUPPLY CHAIN HOLDINGS LIMITED

中國供應鏈產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3708)

VOLUNTARY ANNOUNCEMENT FORMATION OF A JOINT VENTURE

This announcement is made by China Supply Chain Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide its shareholders and potential investors with updated information in relation to the latest business development of the Group.

Reference is made to the announcement of the Company dated 9 December 2021 in relation to, among other things, the entering into by the Company the Strategic Co-operation Framework Agreement with Dayun Hengtong in respect of potential co-operation in the general healthy agri-food and related products’ industries in PRC (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The board of directors (the “**Board**”) of the Company is pleased to announce that a sino-foreign equity joint venture contract (the “**JV Agreement**”) for the establishment of a new joint venture company (the “**JV Company**”) was signed by Shenzhen Joy Supply Chain Development Co., Ltd.* (深圳市喜悦供應鏈發展有限公司) (the “**PRC Subsidiary**”), an indirectly wholly-owned subsidiary of the Company and Dayun Hengtong on 7 January 2022.

PRINCIPAL TERMS OF THE JV AGREEMENT

A summary of the principal terms of the JV Agreement are set out as below: —

Date : 7 January 2022

Parties : (1) The PRC Subsidiary; and
(2) Dayun Hengtong.
(collectively referred to as the “**Parties**”)

* *for identification purpose only*

- Registered capital : The Parties shall totally invest RMB5,000,000 as registered capital based on their respective equity interest in the JV Company. Accordingly, the PRC Subsidiary shall contribute RMB2,550,000, representing 51% of the registered capital, and Dayun Hengtong shall contribute RMB2,450,000, representing 49% of the registered capital.
- Shareholding in the JV Company : The PRC Subsidiary and Dayun Hengtong will hold 51% and 49% of equity interest in the JV Company respectively.
- Principal business of the JV Company : Wholesale, retail and online sales of general healthy agri-food and related products.
- Board structure of the JV Company : The board of directors of the JV Company shall comprise five members of which three will be nominated by the PRC Subsidiary and two will be nominated by Dayun Hengtong.
- Registered location of the JV Company : Shenzhen, Guangdong province, PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

The Board considers that the entering into of the JV Agreement could potentially lead to more business opportunities for the Group and enable both the Group and Dayun Hengtong Group to leverage on their respective strengths, resources and/or expertise for the development in the general healthy agri-food and related products' business. The formation of the JV Company will enhance the corporate development of the Group which will be in the best interests of the Company and its shareholders as a whole.

INFORMATION ON DAYUN HENGTONG

As disclosed in the Announcement, established in PRC in 2014, Dayun Hengtong is mainly engaged in the wholesale, retail and online sales of food, agricultural and sideline products through its self-developed supply chain management platform. Its brand, namely "fkgou" (with its website at www.fkgou.com), is a global industry cluster platform shared by health and specialty products' industries. Dayun Hengtong has already (a) started its deployment and expansion of the "fkgou cloud" and big data; and (b) integration of the upstream industry chain of the specialty products' industry is achieved (i) through the integration and incubation of agricultural and health industries, which are characteristic, organic and with huge development potential; (ii) by adhering to the principles of "creativity for the public, community, sharing, co-construction" to boost the product sales, capital appreciation is strengthened upon the increase in the product sales; and (iii) with the combination of unique self-operation mode and cross-border trade of agricultural products. According to the information of Dayun Hengtong, it has developed a huge network in the supply chain management of general healthy agri-food and related products' industries.

IMPLICATIONS UNDER THE LISTING RULES

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5% in respect of the transactions contemplated under the JV Agreement, the transactions contemplated under the JV Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Dayun Hengtong and its shareholders (and their respective ultimate beneficial owner(s)) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

By order of the Board
China Supply Chain Holdings Limited
Ma Huijun
Chairman

Hong Kong, 7 January 2022

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Ma Huijun (Chairman), Mr. Dai Jian (Vice Chairman and Chief Executive Officer), Mr. Lai Aizhong and Mr. Dai Ming; a non-executive Director, namely Mr. Zhang Junze; and three independent non-executive Directors, namely Mr. Huang Shuhui, Ms. Wang Ying and Mr. Wong Ka Shing.