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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares of China Haisheng Juice Holdings Co., Ltd., you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **China Haisheng Juice Holdings Co., Ltd.**

**中國海升果汁控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0359)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

#### **Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**



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A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee containing its recommendation to the Shareholders is set out on page 12 of this circular. A letter from Guoyuan Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 23 of this circular.

A notice convening an extraordinary general meeting (the “**Extraordinary General Meeting**”) of the Company to be held at conference room of Shaanxi Haisheng Fresh Fruit Juice Co., Ltd., at 2/F, 359 Shenzhou 3rd Road, Chang’an District, Xi’an, Shaanxi Province, the PRC, at 10 a.m. on Wednesday, 4 March 2020, is set out on pages 30 to 31 of this circular.

Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the Extraordinary General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Extraordinary General Meeting or any adjourned meeting if you so wish.

14 February 2020

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context otherwise requires:*

“Annual Cap”	the annual aggregate maximum amount of purchase of apple juice concentrates payable by Tiandi Yihao Beverage to Shaanxi Haisheng under the 2020 Framework Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Haisheng Juice Holdings Co., Ltd. (中國海升果汁控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the 2020 Framework Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting”	an extraordinary general meeting to be convened by the Company to consider and, if thought fit, approve the Continuing Connected Transactions and the Annual Cap
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Tiandi”	Tiandi Win-Win Investment Management Co., Limited (天地共贏投資管理有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of 深圳市天地共贏投資管理有限公司 (Shenzhen Tiandi Win-Win Investment Management Co., Limited*) which is a company established in the PRC with limited liability and a wholly-owned subsidiary of Tiandi Yihao Beverage

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely, Ms. Huang Liqiong, Mr. Zhao Boxiang and Mr. Liu Zhongli to be appointed by the Board to consider and to advise the Independent Shareholders in respect of the Continuing Connected Transactions
“Independent Financial Advisor” or “Guoyuan Capital”	Guoyuan Capital (Hong Kong) Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, and which is appointed as the independent financial advisor advising the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2020 Framework Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) that is not required to abstain from voting at the Extraordinary General Meeting to approve the 2020 Framework Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	10 February 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shaanxi Haisheng”	陝西海升果業發展股份有限公司 (Shaanxi Haisheng Fruit Juice Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of Shares in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Term”	the duration of the 2020 Framework Agreement as disclosed under the section headed “The 2020 Framework Agreement” in this circular
“Tiandi Yihao Beverage”	天地壹號飲料股份有限公司 (Tiandi Yihao Beverage Co., Ltd.*), a joint stock company established in the PRC with limited liability and the issued shares of which are listed on the National Equities Exchange and Quotations of the PRC
“%”	per cent.
“2017 Framework Agreement”	the framework agreement dated 6 April 2017 entered into between Shaanxi Haisheng and Tiandi Yihao Beverage in relation to the purchase of fruit juice concentrates by Tiandi Yihao Beverage from Shaanxi Haisheng, which has expired on 31 December 2019
“2020 Framework Agreement”	the framework agreement dated 3 January 2020 entered into between Shaanxi Haisheng and Tiandi Yihao Beverage in relation to the purchase of apple juice concentrates by Tiandi Yihao Beverage from Shaanxi Haisheng, subject to the approval by the Independent Shareholders relating to the Continuing Connected Transactions at the Extraordinary General Meeting and Shaanxi Haisheng’s compliance with the requirements under the Listing Rules and applicable relevant regulations

\* *The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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LETTER FROM THE BOARD

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**China Haisheng Juice Holdings Co., Ltd.**

**中國海升果汁控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0359)**

*Executive Directors:*

Mr. Gao Liang (*Chairman*)

Mr. Wang Junqing

Mr. Wang Yasen

Mr. Wang Linsong

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Independent non-executive Directors:*

Ms. Huang Liqiong

Mr. Zhao Boxiang

Mr. Liu Zhongli

*Head office and principal place of  
business in Hong Kong:*

Room B, 3rd Floor

Eton Building

288 Des Voeux Road Central

Hong Kong

14 February 2020

*To the Shareholders*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 3 January 2020 in relation to, inter alia, the 2020 Framework Agreement.

On 3 January 2020, the Company announced with reference to the announcement of the Company dated 6 April 2017 in relation to the continuing connected transactions contemplated under the 2017 Framework Agreement, as the 2017 Framework Agreement has expired on 31 December 2019, on 3 January 2020, Shaanxi Haisheng entered into the 2020 Framework Agreement with Tiandi Yihao Beverage to renew the terms of the relevant continuing connected transactions for a term commencing from 1 January 2020 and ending on 31 December 2020.

The Company also announced that the 2020 Framework Agreement is conditional on the approval of the Independent Shareholders' at the Extraordinary General Meeting and Shaanxi Haisheng's compliance with the requirements under the Listing Rules and applicable relevant regulations. These conditions precedent cannot be waived. The Company did not enter and will not enter into any transaction with Tiandi Yihao Beverage as contemplated under the 2020 Framework Agreement during the period from 1 January 2020 up to the date of the Extraordinary General Meeting.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Shaanxi Haisheng is a non-wholly owned subsidiary of the Company. Hong Kong Tiandi, an indirect wholly-owned subsidiary of Tiandi Yihao Beverage, is interested in 17.68% of the issued share capital of the Company which comprises 227,996,000 Shares. Accordingly, Tiandi Yihao Beverage is a connected person of the Company and the transactions contemplated under the 2020 Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Directors expect that the relevant applicable percentage ratios in respect of the Continuing Connected Transactions contemplated under the 2020 Framework Agreement will be more than 5% and the aggregate annual consideration payable by the Company under the 2020 Framework Agreement will exceed HK\$10,000,000, the Continuing Connected Transactions are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

In order to comply with the Listing Rules, the Company will convene the Extraordinary General Meeting to seek the Independent Shareholders' approval for the Continuing Connection Transactions and the Annual Cap.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Continuing Connected Transactions and the Annual Cap. Guoyuan Capital has been appointed to advise the Independent Shareholders in relation to the Continuing Connected Transactions and the Annual Cap.

The purpose of this circular is to provide the Shareholders with further details of the Continuing Connected Transactions, and the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with the notice of Extraordinary General Meeting.

### THE 2020 FRAMEWORK AGREEMENT

- Date:** 3 January 2020
- Term:** 1 January 2020 to 31 December 2020 (both dates inclusive)
- Parties:**
- (a) Shaanxi Haisheng (as supplier); and
  - (b) Tiandi Yihao Beverage (as customer).
- Products involved:** Tiandi Yihao Beverage agreed to purchase from Shaanxi Haisheng, and Shaanxi Haisheng agreed to sell to Tiandi Yihao Beverage, apple juice concentrates.

The estimated total volume of apple juice concentrates to be purchased by Tiandi Yihao Beverage during the Term will be 6,000 tonnes.

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## LETTER FROM THE BOARD

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The estimated total volume of 6,000 tonnes apple juice concentrates is neither a committed purchase volume by Tiandi Yihao Beverage nor a committed supply volume by the Company under the 2020 Framework Agreement. As such, there will be no penalty or compensation if Tiandi Yihao Beverage fails to purchase or the Company fails to supply 6,000 tonnes of apple juice concentrates during the Term.

- Purchase price:** The purchase price will be calculated based on a unit price (tax and shipping charges inclusive) of not more than RMB8,300.00 per tonne.
- Payment:** Tiandi Yihao Beverage shall pay the purchase price in respect of the products to be purchased from Shaanxi Haisheng by way of telegraphic transfer or banker's acceptance.
- Payment terms:** The exact payment terms are to be set out in individual purchase orders to be executed by Shaanxi Haisheng and Tiandi Yihao Beverage from time to time pursuant to the terms of the 2020 Framework Agreement. According to historical practice of Tiandi Yihao Beverage, the Company will generally adhere to a payment terms of not less than 30 days for each order to be placed by Tiandi Yihao Beverage under the 2020 Framework Agreement.
- Conditions precedent:** The 2020 Framework Agreement is conditional on the approval of the Independent Shareholders' at the Extraordinary General Meeting and Shaanxi Haisheng's compliance with the requirements under the Listing Rules and applicable relevant regulations. These conditions precedent cannot be waived.

The payment terms under the 2020 Framework Agreement are in line with the transactions under the 2017 Framework Agreement and those offered by the Company to independent third party customers of the same products. On such basis, the Board considers that the payment terms are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

### **Historical Transaction Amounts**

Under the 2017 Framework Agreement, Tiandi Yihao Beverage agreed to purchase fruit juice concentrates from Shaanxi Haisheng and Shaanxi Haisheng agreed to sell fruit juice concentrates from Tiandi Yihao. The fruit juice concentrates included apple juice concentrates and hawthorn juice concentrates. For each of the three financial years ended 31



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## LETTER FROM THE BOARD

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December 2019, the actual transaction amounts of apple juice concentrates and hawthorn juice concentrates in respect of the continuing connected transactions under the 2017 Framework Agreement were as follows:

	For the year ended 31 December		
	2017	2018	2019
Actual transaction amounts of apple juice concentrates	RMB17,547,900	RMB43,074,800	RMB47,519,200
Actual transaction amounts of hawthorn juice concentrates	RMB280,250	RMB247,000	Nil
Total actual transaction amount of fruit juice concentrates	RMB17,828,150	RMB43,321,800	RMB47,519,200
Average unit price per tonne of apple juice concentrates	RMB7,850	RMB7,987	RMB8,972
Average unit price per tonne of hawthorn juice concentrates	RMB19,000	RMB19,000	N/A

The unit price of the fruit juice concentrates under the 2017 Framework Agreement included shipping charge and tax. The unit price of the apple juice concentrates under the 2020 Framework Agreement is different from those under the 2017 Framework Agreement mainly due to the fluctuation and adjustment of the market price of these products.

### Pricing basis

Pursuant to the management policy for connected transactions adopted and implemented by the Company (the “**Management Policy**”), the market prices of comparable independent third parties shall be considered as a reference in determining the pricing for connected transactions, unless a price is set by the government or where there is a government-guided price. Since there is no price set by the government or government-guided price in respect of products to be supplied by Shaanxi Haisheng to Tiandi Yihao Beverage under the 2020 Framework Agreement, the terms of the sale of apple juice concentrates to Tiandi Yihao Beverage by Shaanxi Haisheng have been arrived at after arm’s length negotiations between the Company and Tiandi Yihao Beverage and with reference to the prevailing market price of similar products of comparable suppliers of these products.

Where no price is set by the government or there is no government-guided price, the Company will determine the price of apple juice concentrates based on the prevailing market price subject to such adjustment to reflect a price set on the basis of cost plus an expected percentage of gross profit margin where (i) such cost relates to the production cost of the apple juice concentrates which comprises actual raw material purchase price, fruit consumption ratio, relevant factory costs, fuelling costs, depreciation expenses and financial costs, and (ii) the actual mark-up percentage can be flexibly adjusted.

In view of the above and after taking into account the steps taken by the Company in determining the price of the apple juice concentrates under the 2020 Framework Agreement in accordance with, and in the manners set out in the section headed “Internal Control Policy” in this circular, the Board considers the unit price contemplated under the 2020 Framework Agreement, after the adjustments, is on normal commercial term, fair and reasonable.

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## LETTER FROM THE BOARD

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### **Proposed Annual Cap**

Under the 2020 Framework Agreement, Tiandi Yihao Beverage agrees to purchase apple juice concentrates only from Shaanxi Haisheng rather than the purchase of both apple juice concentrates and hawthorn juice concentrates under the 2017 Framework Agreement. The maximum transaction amount payable by Tiandi Yihao Beverage to Shaanxi Haisheng under the 2020 Framework Agreement for the year ended 31 December 2020 is RMB49,800,000. The maximum transaction amount payable by Tiandi Yihao Beverage to Shaanxi Haisheng during the Term of the 2020 Framework Agreement is RMB49,800,000.00.

The proposed Annual Cap is determined in accordance with:

- the historical transaction amount for the purchase of goods by Tiandi Yihao Beverage (and/or its subsidiaries) from the Company (and/or its subsidiaries);
- the estimated total volume of products to be purchased by Tiandi Yihao Beverage from Shaanxi Haisheng;
- the sale prices reached in recent tenders for apple juice concentrates transactions of a few of the current and potential customers of the Group;
- the prevailing market prices of comparable suppliers of similar products; and
- the estimated fluctuation in the average market price of similar products.

If it is anticipated that the proposed Annual Cap is to be exceeded and if the Group is to continue to carry out the transactions, the Group will take all appropriate steps in advance to comply with the relevant requirements under the Listing Rules, including seeking to revise the proposed Annual Cap.

### **INTERNAL CONTROL POLICY**

The Company has adopted the following internal control measures and policies ensure the terms of the 2020 Framework Agreement are fair and reasonable, or no less favourable than terms available to or from the Independent Third Parties:

- (a) as stated under the section headed “Pricing basis”, since there is no price set by the government or government-guided price for the Continuing Connected Transactions and in order to ensure the pricing mechanism of its connected transactions are fair and reasonable, the market prices of comparable independent third parties shall be considered as a reference in determining the pricing for connected transactions;

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## LETTER FROM THE BOARD

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- (b) the Company has formulated a pricing formula for apple juice concentrates. If the trading price relating to any connected transaction involving apple juice concentrates of the Company is different from the one calculated based on the pricing formula, at least one of the Company's independent non-executive director's approval is required for such transactions;
- (c) for the purpose of ensuring that the pricing for apple juice concentrates, as the Company is a leading supplier of apple juice concentrates in the global market, the Company compares the prices of comparable suppliers of similar products both in the PRC market and the international market, and takes into account the sale prices reached in recent tenders for apple juice concentrates with some of the Group's current and potential customers, which the Company uses as reference prices in determining the price for connected transactions contemplated under the 2020 Framework Agreement; and
- (d) for the purpose of ensuring that the transactions under the 2020 Framework Agreement will also be conducted on normal commercial terms, and on terms no less favourable than terms available from Independent Third Parties, the Company has, prior to the entering of the 2020 Framework Agreement, taken into consideration its tendering policy and procedures as described below:
  - (i) after understanding the requirements of the Group's customers in respect of the provision of apple juice concentrates, quotation approval application forms which lists out a complete set of detailed conditions for each intended apple juice concentrates procurement contract with potential customers are prepared by the sales department of the Group (the "**Sales Department**");
  - (ii) the consolidated quotation approval application forms are submitted and reviewed by the Sales Department, the logistics department, production management center, manager of processing division and the vice president of the Group;
  - (iii) the Sales Department then assesses the quotation approval application forms and other terms and conditions of the quotations to ensure they meet the requirements of the Group's customers. The Sales Department also compares the quotations by making reference to the quotes previously submitted for similar transactions and prices of similar products of comparable suppliers to ensure the sales price for connected transactions is determined on normal commercial terms and not more favourable than that offered to Independent Third Parties customers; and
  - (iv) the recommended quotation is then submitted to the relevant authorised personnel for approval.

For the purposes of monitoring the Annual Cap, Tiandi Yihao Beverage will, according to its own production schedules, provide its monthly procurement plan to the Company one month in advance for the Company to regularly assess the actual raw material demand and the utilisation rate of the Annual Cap. Our Sales Department will input the details of the

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## **LETTER FROM THE BOARD**

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continuing connected transactions into the accounting system of the Company once the relevant purchase agreement is signed. Our Finance Department will regularly review and monitor the connected transaction amounts under the 2020 Framework Agreement and our Sales Department will check and record the sales amount and price of individual purchase order and make sure the Annual Cap will not be exceeded. Such information will then be provided to the independent non-executive Directors for review as and when required. This enables us to ensure that the Annual Cap under the 2020 Framework Agreement would not be exceeded.

### **BOARD'S APPROVAL**

The Board has approved the 2020 Framework Agreement and Annual Cap and none of the Directors has any material interest in the transactions contemplated thereunder.

### **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The Group is principally engaged in the manufacture and sale of fruit juice concentrates and related products and plantation and sale of apples and other fruits and production and sale of feed. Tiandi Yihao Beverage is principally engaged in the research and development, manufacturing and sales of vinegar beverage and related products.

The supply of fruit juice concentrates is the ordinary course of business of Shaanxi Haisheng. Shaanxi Haisheng has been supplying fruit juice concentrates to Tiandi Yihao Beverage since 2012. The Company is one of the largest global fruit processing manufacturers and the quality of the Group's fruit juice concentrates is highly recognised by Tiandi Yihao Beverage. As such, in the interest of the Company, the management of the Company considers that the supply of fruit juice concentrates by Shaanxi Haisheng to Tiandi Yihao Beverage is expected to bring synergies to the parties in that such continuing relationship will provide a stable source of revenue to the Group as well as to preserve a stable supply of high quality fruit juice concentrates to Tiandi Yihao Beverage.

The terms of the 2020 Framework Agreement were determined with reference to prevailing market price for the supply of such products and the terms and gross profit margins of the other on-going transaction carried out between the Group and its other customers. The Directors are of the view that the 2020 Framework Agreement forms an integral part of the ordinary and usual course of business of the Group and are conducted on normal commercial terms determined on an arm's length basis. The Directors consider that the terms of the 2020 Framework Agreement, including the Annual Cap, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **EXTRAORDINARY GENERAL MEETING**

The Company will convene the Extraordinary General Meeting for the Independent Shareholders to consider and, if thought fit, approve the Continuing Connected Transactions and the Annual Cap.

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## LETTER FROM THE BOARD

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A proxy form for use at the Extraordinary General Meeting is enclosed herewith. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the proxy form and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Extraordinary General Meeting or any adjourned meeting should you so wish.

Pursuant to 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting shall be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Any Shareholder with a material interest in the transaction and its associates will abstain from voting at the Extraordinary General Meeting. Therefore, Hong Kong Tiandi, as a connected person being interested in 17.68% of the issued share capital of the Company which comprises 227,996,000 Shares at the Latest Practicable Date and its associates, shall abstain from voting at the Extraordinary General Meeting.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 12 of this circular which contains its recommendation to the Independent Shareholders on the terms of the 2020 Framework Agreement and the Annual Cap. Your attention is also drawn to the letter of advice received from Guoyuan Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, as set out on pages 13 to 23 of this circular which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2020 Framework Agreement and the Annual Cap, the casting of votes for or against the resolution approving the 2020 Framework Agreement and the Annual Cap by poll at the Extraordinary General Meeting as well as the principal factors and reasons considered by it in concluding its advice. Your attention is also drawn to the additional information set out in the appendix to this circular.

The Directors consider that the 2020 Framework Agreement and the Annual Cap are in the interest of the Shareholders and the Company as a whole and they recommend the Shareholders to vote in favour of all the resolution approving the 2020 Framework Agreement and the Annual Cap at the Extraordinary General Meeting.

Yours faithfully,  
For and on behalf of the Board of  
**China Haisheng Juice Holdings Co., Ltd.**  
**Mr. Gao Liang**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in relation to the Continuing Connected Transactions and the Annual Cap for inclusion in this circular:*

### **China Haisheng Juice Holdings Co., Ltd.**

**中國海升果汁控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0359)**

14 February 2020

*To the Independent Shareholders*

Dear Sir or Madam,

#### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 14 February 2020 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee and to advise the Independent Shareholders as to whether the terms of the Continuing Connected Transactions and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and whether the Continuing Connected Transactions and the Annual Cap are in the interests of the Company and the Shareholders as a whole. Guoyuan Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 13 to 23 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 4 to 11 of the Circular.

Having considered the advice of Guoyuan Capital, we are of the opinion that the terms of the Continuing Connected Transaction and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve the Continuing Connected Transactions and the Annual Cap.

Yours faithfully,

For and on behalf of

the Independent Board Committee

**Ms. Huang Liqiong**

**Mr. Zhao Boxiang**

**Mr. Liu Zhongli**

*Independent non-executive Directors*

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## LETTER FROM GUOYUAN CAPITAL

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17/F, Three Exchange Square  
8 Connaught Place  
Central, Hong Kong

14 February 2020

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2020 Framework Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 14 February 2020 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As the 2017 Framework Agreement entered between Shaanxi Haisheng and Tiandi Yihao Beverage expired on 31 December 2019, on 3 January 2020, Shaanxi Haisheng, a non-wholly owned subsidiary of the Company, entered into the 2020 Framework Agreement with Tiandi Yihao Beverage pursuant to which Shaanxi Haisheng agreed to supply apple juice concentrates to Tiandi Yihao Beverage for a term commencing from 1 January 2020 and ending 31 December 2020. The Company did not enter and will not enter into any transaction with Tiandi Yihao Beverage as contemplated under the 2020 Framework Agreement during the period from 1 January 2020 up to the date of the extraordinary general meeting of the Company (the “**EGM**”).

As at the Latest Practicable Date, Hong Kong Tiandi, an indirectly wholly-owned subsidiary of Tiandi Yihao Beverage, is interested in 17.68% of the issued share capital of the Company. Accordingly, Tiandi Yihao Beverage is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2020 Framework Agreement constituted continuing connected transactions (“**CCT**”) of the Company under Chapter 14A of the Listing Rules. As the proposed Annual Cap under the 2020 Framework Agreement represent more than 5% of each of the applicable percentage ratios under the Listing Rules and the annual consideration payable by the Company under the Framework Agreement will exceed HK\$10,000,000, the CCT and the proposed Annual Cap is subject to reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM GUOYUAN CAPITAL

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Hong Kong Tiandi and its associates shall abstain from voting at the EGM in respect of the resolutions approving the CCT. Save for Hong Kong Tiandi, to the best knowledge, information and belief of the Directors, no other Shareholders or any of their respective associates have a material interest in the 2020 Framework Agreement and the transactions contemplated thereunder, and accordingly are required to abstain from voting at the EGM.

### INDEPENDENCE DECLARATION

As at the Latest Practicable Date, we were not aware of any relationships or interests between Guoyuan Capital (Hong Kong) Limited and the Company, Shaanxi Haisheng, Tiandi Yihao Beverage and Hong Kong Tiandi and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. Save for this appointment as the Independent Financial Adviser in respect of the CCT, there were no other engagements between Guoyuan Capital and the Company, or any other parties to the 2020 Framework Agreement, in the past two years immediately preceding the Latest Practicable Date. Apart from the normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company. Accordingly, Guoyuan Capital (Hong Kong) Limited is independent as defined under Rule 13.84 of the Listing Rules to act as an Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the CCT.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have reviewed, among other things, (i) the 2017 Framework Agreement; (ii) the 2020 Framework Agreement; (iii) the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019; (iv) the invoices and purchase agreements, on sampling basis, for the supplying of apple juice concentrates by Shaanxi Haisheng to independent third party customers and Tiandi Yihao Beverage during the years ended 31 December 2017, 2018 and 2019; (v) the unaudited management accounts on the sales to Tiandi Yihao Beverage for the years ended 31 December 2017, 2018 and 2019; and (vi) other information as set out in the Circular.

We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/



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## LETTER FROM GUOYUAN CAPITAL

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arrangements or implied understanding with anyone concerning the 2020 Framework Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any independent in-depth investigation into the business and affairs of the Company, Shaanxi Haisheng, Tiandi Yihao Beverage and Hong Kong Tiandi or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into of the 2020 Framework Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

### THE CCT

#### Principal factors and reasons considered

In arriving at our opinion in respect of the 2020 Framework Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

##### *1. Background of and reasons for entering into the CCT*

The Group is principally engaged in the manufacture and sale of fruit juice concentrates and related products, plantation and sale of apples and other fruits and production and sale of feed. Tiandi Yihao Beverage is principally engaged in research and development, manufacturing and sales of vinegar beverage and related products. Shaanxi Haisheng is principally engaged in supply of fruit juice concentrates. Shaanxi Haisheng has been supplying fruit juice concentrates to Tiandi Yihao Beverage since 2012.

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## LETTER FROM GUOYUAN CAPITAL

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On 3 January 2020, Shaanxi Haisheng entered the 2020 Framework Agreement with Tiandi Yihao Beverage pursuant to which Shaanxi Haisheng will supply apple juice concentrates to Tiandi Yihao Beverage for a term commencing from 1 January 2020 and ending on 31 December 2020. As it is expected that Shaanxi Haisheng will continue to supply fruit juice concentrates to Tiandi Yihao Beverage, Shaanxi Haisheng entered into the 2020 Framework Agreement with Tiandi Yihao Beverage, which is conditional upon the passing of the resolution by the Independent Shareholders at the EGM.

Shaanxi Haisheng had been supplying fruit juice concentrates to Tiandi Yihao Beverage since 2012, long before Tiandi Yihao Beverage became a connected person of the Company on 30 March 2016. As advised by the Company, the Group is one of the largest global fruit processing manufacturers and the quality of the Group's fruit juice concentrates is highly recognized by Tiandi Yihao Beverage. Furthermore, as advised by the Company, it is in the interest of the Company, the management of the Company considers that the supply of fruit juice concentrates by Shaanxi Haisheng to Tiandi Yihao Beverage is expected to bring synergies to the parties in that such continuing relationship will provide a stable income of revenue to the Group as well as to preserve a stable supply of high quality fruit juice concentrates to Tiandi Yihao Beverage.

Having considered (i) the business relationship established between Shaanxi Haisheng and Tiandi Yihao Beverage since 2012; (ii) the supply of fruit juice concentrates is in the ordinary course of business of Shaanxi Haisheng; and (iii) the stable revenue stream from the sale of fruit juice concentrates to Tiandi Yihao Beverage, we concur with the Directors that the entering into of the 2020 Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

### ***2. Principal terms of the 2020 Framework Agreement***

According to the Board Letter, the principal terms of the 2020 Framework Agreement as follows:

<b>Date</b>	3 January 2020
<b>Parties</b>	(i) Shaanxi Haisheng; as supplier  (ii) Tiandi Yihao Beverage; as customer
<b>Products involved</b>	Tiandi Yihao Beverage agreed to purchase from Shaanxi Haisheng and Shaanxi Haisheng agreed to sell to Tiandi Yihao Beverage, apple juice concentrates

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The estimated total volume of fruit juice concentrates to be purchased by Tiandi Yihao Beverage during the Term will be 6,000 tonnes

The estimated total volume of 6,000 tonnes apple juice concentrates is neither a committed purchase volume by Tiandi Yihao Beverage nor a committed supply volume by the Company under the 2020 Framework Agreement. As such, there will be no penalty or compensation if Tiandi Yihao Beverage fails to purchase or the Company fails to supply 6,000 tonnes of apple juice concentrates during the Term

<b>Term</b>	commencing from 1 January 2020 to 31 December 2020.
<b>Purchase price</b>	The purchase price will be calculated based on a unit price (tax and shipping charges inclusive) of not more than RMB8,300 per tonne
<b>Payment</b>	Tiandi Yihao Beverage shall pay the purchase price in respect of the products to be purchased from Shaanxi Haisheng by way of telegraphic transfer or banker's acceptance
<b>Payment terms</b>	The exact payment terms are to be set out in individual purchase orders to be executed by Shaanxi Haisheng and Tiandi Yihao Beverage from time to time pursuant to the terms of the 2020 Framework Agreement. According to historical practice of Tiandi Yihao Beverage, the Company will generally adhere to a payment terms of not less than 30 days for each order to be placed by Tiandi Yihao Beverage under the 2020 Framework Agreement.
<b>Conditions precedent</b>	The 2020 Framework Agreement is conditional on the approval of the Independent Shareholders at the EGM and Shaanxi Haisheng's compliance with the requirements under the Listing Rules and applicable relevant regulations. These conditions precedent cannot be waived

The unit prices under the 2020 Framework Agreement include shipping charges and tax.

In assessing the fairness and reasonableness of the terms of the 2020 Framework Agreement, we have reviewed and compared the terms of the 2017 Framework Agreement and the 2020 Framework Agreement, and noted that save for the Annual Cap and the supply of apple juice concentrates only, the terms of the said agreements are substantially the same. In addition, we have discussed with the Company and were advised that the price of apple juice concentrates to be supplied by Shaanxi Haisheng

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## LETTER FROM GUOYUAN CAPITAL

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to Tiandi Yihao Beverage under the 2020 Framework Agreement shall be determined based on the prevailing market price and subject to such adjustment to reflect a price set on the basis of cost plus an expected percentage of gross profit margin and will not be more favourable than that offered by Shaanxi Haisheng to independent third party customers. The calculation of the production cost of the apple juice concentrates comprises of the actual raw material purchase price, fruit consumption ratio, relevant factory costs, fueling costs, depreciation expenses and financial costs. The actual mark-up percentage can be flexibly adjusted and the final contract unit price is reported to the management for review and approval. The finalized price of apple juice concentrates to be supplied by Shaanxi Haisheng to Tiandi Yihao Beverage will be set out in the purchase order for each order to be placed under the 2020 Framework Agreement.

In addition, we have obtained invoices and purchase agreements, on sampling basis, for the supplying of apple juice concentrates by Shaanxi Haisheng to independent third party customers and Tiandi Yihao Beverage during the years ended 31 December 2017, 2018 and 2019. Upon comparison, we noted that the price of apple juice concentrate offered to Tiandi Yihao Beverage was no more favorable than those offered to independent third party customers during the years ended 31 December 2017, 2018 and 2019.

Taking account into (i) the pricing basis of the Group on apple juice concentrates; (ii) the reasons for entering into of the 2020 Framework Agreement as set out in this letter above; and (iii) the price of fruit juice concentrates will be determined on normal commercial terms and will be no more favorable than that offered by Shaanxi Haisheng to independent third party customers, we consider the maximum unit price of RMB8,300 per tonne contemplated under the 2020 Framework Agreement, after the adjustments, is fair and reasonable.

The payment terms for the supply of fruit concentrates will be set out in each of the specific purchase order to be placed under the 2020 Framework Agreement. As advised by the Company, according to historical practice of Tiandi Yihao Beverage, the purchase price of fruit juice concentrates was generally paid within 30 days after the date of the relevant invoice issued to Tiandi Yihao Beverage. It is further advised that the Company will generally adhere to a payment terms of not less than 30 days for each order to be placed by Tiandi Yihao Beverage under the 2020 Framework Agreement. We have also obtained agreements entered into between Shaanxi Haisheng and its independent third party customers, on a sampling basis, and noted that the payment terms for the purchase price of fruit juice concentrates was generally not less than 30 days after the date of the relevant invoice issued. In this regard, we are of the view that the payment terms of the 2020 Framework Agreement are similar to that offered to independent third party customers by Shaanxi Haisheng.

Having considered that (i) the terms of the 2020 Framework Agreement were negotiated based on normal commercial terms; (ii) the terms of the 2017 Framework Agreement and 2020 Framework Agreement are substantially the same; (iii) the prices payable by Tiandi Yihao Beverage for fruit juice concentrates shall be on normal commercial terms and not more favourable than those offered by Shaanxi Haisheng to

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## LETTER FROM GUOYUAN CAPITAL

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independent third party customers; (iv) the price of apple juice concentrate offered to Tiandi Yihao Beverage was no more favorable than those offered to independent third party customers during the years ended 31 December 2017, 2018 and 2019; and (v) the payment terms of the 2020 Framework Agreement are similar to that offered by Shaanxi Haisheng to independent third party customers during the year ended 31 December 2017, 2018 and 2019, we consider that the terms of the 2020 Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### 3. *The Proposed Annual Cap*

The table below sets forth (i) the proposed Annual Cap under the 2020 Framework Agreement; (ii) the estimated total amount of apple juice concentrates to be supplied; and (iii) the estimated price per tonne of apple juice concentrates for the year ending 31 December 2020.

	<b>For the year ending 31 December 2020</b>
Proposed Annual Cap	RMB49.80 million
Estimated total amount of fruit juice concentrates to be supplied	6,000 tonnes
Estimated maximum price per tonne of fruit juice concentrates	RMB8,300

The table below sets forth (i) the historical annual caps under the 2017 Framework Agreement for the year ended 31 December 2017, 2018 and 2019; and (ii) the actual transaction amounts for the years ended 31 December 2017, 2018 and 2019 together with the utilization rate of the historical annual caps.

	<b>For the year ended 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>
Historical annual caps	47.20	49.80	57.80
Actual transaction amount of apple juice concentrates	17.55	43.07	47.52
Actual transaction amount of hawthorn juice concentrates	0.28	0.25	Nil
Historical total transaction amount	17.83	43.32	47.52
Utilization rate	37.78%	86.99%	82.21%

According to the Board Letter, the proposed Annual Cap was determined by the Directors with reference to (i) the historical transaction amount for the purchase of fruit juice concentrates by Tiandi Yihao Beverage (and/or its subsidiaries) from the Company (and/ or its subsidiaries); (ii) the anticipated increasing demand for fruit juice

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## LETTER FROM GUOYUAN CAPITAL

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concentrates by Tiandi Yihao Beverage; (iii) the estimated costs for supplying fruit juice concentrates; the prevailing average market price of fruit juice concentrates; and (v) the production capacity of the Shaanxi Haisheng's manufacturing facilities.

As set out in the table above, the historical transaction amount under the 2017 Framework Agreement for the year ended 31 December 2017, 2018 and 2019 amounted to approximately RMB17.83 million, RMB43.32 million and RMB47.52 million representing a utilization rate of approximately 37.78%, 86.99% and 82.21% respectively. We have enquired the Company on the reasons for the unutilized annual caps during the period, and were advised that the final purchase amount was according to the beverage production of Tiandi Yihao Beverage. The proposed Annual Cap of approximately RMB49.80 million is lower than the historical 2019 annual cap of RMB57.80 million because Shaanxi Haisheng has been supplied both apple juice concentrates and hawthorn juice concentrates to Tiandi Yihao Beverage under the 2017 Framework Agreement. However, Shaanxi Haisheng will only supply apple juice concentrates to Tiandi Yihao Beverage under the 2020 Framework Agreement for the year ending 31 December 2020.

In order to assess the fairness and reasonableness of the proposed Annual Cap, we have obtained from the Company the calculation of the proposed Annual Cap, and discussed with the Company regarding (i) the estimated total amount of apple juice concentrates to be supplied to Tiandi Yihao Beverage for the year ending 31 December 2020; and (ii) the estimated price per tonne of the apple juice concentrates for each of the year ending 31 December 2020.

During our review of the calculation of the proposed Annual Cap, we noted that (i) the expected total amount of apple juice concentrates to be supplied to Tiandi Yihao Beverage are approximately 6,000 tonnes; and (ii) the estimated maximum price per tonne of the apple juice concentrates the year ending 31 December 2020 is RMB8,300.

We were given to understand by the Company that the total amount of apple juice concentrates to be supplied to Tiandi Yihao Beverage for the year ending 31 December 2020 were estimated with reference to (i) the historical amount of apple juice concentrates supplied to Tiandi Yihao Beverage for the years ended 31 December 2017, 2018 and 2019; and (ii) the expected demand from Tiandi Yihao Beverage.

In assessing the fairness and reasonableness of the estimated price per tonne of apple juice concentrates for each of the year ending 31 December 2020, we have discussed with the Company for the expected decrease in the price of apple juice concentrates.

In this regard, we noted that for the apple juice concentrates that Shaanxi Haisheng supplied to Tiandi Yihao Beverage in year 2017, 2018 and 2019 having the average prices per tonne of apple juice concentrates were approximately RMB7,850, RMB7,987 and RMB8,972 respectively, of which the average price per tonne of apple juice concentrates for the year 2019 is higher than the estimated maximum prices per tonne of apple juice concentrates for the year ending 31 December 2020 of approximately RMB8,300.

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## LETTER FROM GUOYUAN CAPITAL

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As stated in the Board Letter, the unit price of the apple juice concentrates under the 2020 Framework Agreement is different from those under the 2017 Framework Agreement mainly due to the fluctuation and adjustment of the market price of these products. We further enquired the Company the reasons for the lower estimated price per tonne of apple juice concentrates for the year ending 31 December 2020, and were advised that the reduced production volume of the apples for the year 2019 in the PRC which in turn increased the raw material costs for apple juice concentrates. It was expected by the Company that the production volume of the apples in the PRC will back to normal in the year 2020 which will lower the raw material costs for apple juice concentrates. Accordingly, the price quotations for the unit price of the apple juice concentrates for the year 2020 will be lower than the previous year.

In view of the foregoing, we are of the view that the proposed Annual Cap was determined by the Company under reasonable ground and due care, and that the proposed Annual Cap is justifiable, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

However, the Independent Shareholders should note that the proposed Annual Cap relates to future events and do not represent a forecast of transaction amounts to be incurred as a result of the CCT. Consequently, we express no opinion as to how closely the actual transaction amounts of the CCT correspond with the proposed Annual Cap as discussed above.

#### ***4. Internal Control Measures for Continuing Connected Transactions***

As stated in the Board Letter, the Company has adopted internal control measures and polices, including connected transaction management measures, sales quotations and pricing management measures to ensure that the continuing connected transactions are conducted in accordance with the executed agreements.

Before entering into a specific connected transaction agreement, the designated department(s) of the Group will review and assess whether the quotations and terms set out in the specific agreement are consistent with the executed framework agreement to ensure that the interests of the Shareholders as a whole are taken into account and protected. The Group has adopted 關聯交易管理辦法 (Connected Transaction Management Measure) to monitor the connected transactions. We have further enquired the finance department of the Company on how the Company to ensure that the proposed Annual Cap under the 2020 Framework Agreement would not be exceeded.

We are given to understand that (i) Tiandi Yihao Beverage will, according to its own production schedules, provide its monthly procurement plan to the Company one month in advance for the Company to regularly access the actual raw material demand and the utilisation rate of the annual cap; (ii) the sales department is responsible to input the details of the continuing connected transactions via 海升物流管理系统 (the accounting system of the Company) once the relevant purchase agreement is signed; (iii) the logistics department, the manufacturing department and the sales department to review and confirm the delivery amount; (iv) the sales department to update the accounting system if the actual delivery amount is different from the recorded amount;

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and (v) the finance department is responsible (a) to collect the transaction amounts of the continuing connected transactions from the accounting system of the Company and evaluate whether the total transaction amount exceeds the annual cap regularly; and (b) to report the status of the continuing connected transactions to the independent non-executive Directors as and when required.

Taking into account the internal control measures set out in the Circular and the above-mentioned measure on the monitoring of the utilisation of the Annual Cap, we are of the view that appropriate measures thereof exist to monitor the conduct of the CCT and assist to safeguard the interests of the Independent Shareholders.

### ***5. Reporting requirements and conditions of the CCT***

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the CCT are subject to the following annual review requirements:

- (a) Each year, the independent non-executive Directors must review the CCT and confirm in the annual report and accounts of the Company that the CCT have been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or better; and
  - (iii) in accordance with the 2020 Framework Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the CCT:
  - (i) have not been approved by the Board;
  - (ii) were not, in all material respects, in accordance with the pricing policies of the Group (if applicable);
  - (iii) were not entered into, in accordance with the 2020 Framework Agreement governing the CCT; and
  - (iv) have exceeded the Annual Cap;
- (c) the Company must allow, and ensure that the relevant counterparties to the CCT allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the CCT as set out in paragraph (b); and



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## LETTER FROM GUOYUAN CAPITAL

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- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

The Company confirms that they will strictly comply with the aforementioned annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules in respect of the CCT under the 2020 Framework Agreement. As stated in the Board Letter, if it is anticipated that the proposed Annual Cap is to be exceeded and if the Group is to continue to carry out the transactions, the Group will take all appropriate steps in advance to comply with the relevant requirements under the Listing Rules, including seeking to revise the proposed Annual Cap.

Taking into account the aforementioned reporting requirements attached to the CCT, in particular, (i) the restriction of the value of the CCT by way of the Annual Caps; and (ii) the on-going review by the independent non-executive Directors and auditors of the Company of the CCT, we are of the view that there exist appropriate measures to monitor the conduct of the CCT so as to ensure that the CCT contemplated under the 2020 Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole, and thus, the interests of the Independent Shareholders is safeguarded.

### OPINION

Having taken into account the above principal factors and reasons, we consider that the entering into of the 2020 Framework Agreement is in the ordinary and usual course of business of the Group and the terms of the 2020 Framework Agreement are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the relevant resolution(s) at the EGM to approve the entering into of the 2020 Framework Agreement, and the transactions contemplated thereunder (including the proposed Annual Cap).

Yours faithfully,  
For and on behalf of  
**Guoyuan Capital (Hong Kong) Limited**  
**Andy Chan**  
*Managing Director*

*Note:* Mr. Andy Chan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2004 and has participated in and completed various independent financial advisory transactions.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) The Directors' or chief executive's interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executive of the Company are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules ("Model Code") were as follows:

Name of Director	Capacity	Number of shares/ underlying Shares held	Approximate percentage of the issued share capital <i>(Note 3)</i>
Mr. Gao Liang	Interest of controlled corporation	459,061,238 <sup>(Note 1)</sup>	35.59%
	Interest of spouse	4,724,660 <sup>(Note 2)</sup>	0.37%
	Beneficial owner	<u>8,600,000</u>	<u>0.67%</u>
		<u>472,385,898</u>	<u>36.63%</u>

*Notes:*

- As at the Latest Practicable Date, the 459,061,238 Shares were held by Think Honour International Limited ("Think Honour"), the entire issued share capital of which was held by Mr. Gao Liang. Accordingly, Mr. Gao Liang was deemed to be interested in the 459,061,238 Shares held by Think Honour by virtue of the SFO.

2. As at the Latest Practicable Date, the 4,724,660 shares were held by Ms. Xie Haiyan who is the spouse of Mr. Gao Liang. Accordingly, Mr. Gao Liang was deemed to be interested in the 4,724,660 Shares held by Ms. Xie Haiyan.
3. The percentage was compiled based on the total number of issued shares of the Company as at Latest Practicable Date (i.e. 1,289,788,000 ordinary shares).

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which the Directors or chief executive of the Company are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, no Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(b) Substantial Shareholders' interests or short positions in the Shares and underlying Shares**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are as follows:

Name of substantial shareholder	Capacity	Number of Shares/ underlying Shares held	Approximate percentage of the issued share capital <i>(Note 4)</i>
Ms. Xie Haiyan	Interest of spouse	467,661,238 <sup>(Note 1)</sup>	36.26%
	Beneficial owner	<u>4,724,660<sup>(Note 2)</sup></u>	<u>0.37%</u>
		<u>472,385,898</u>	<u>36.63%</u>
Think Honour	Beneficial owner	459,061,238 <sup>(Note 2)</sup>	35.59%

Name of substantial shareholder	Capacity	Number of Shares/ underlying Shares held	Approximate percentage of the issued share capital <i>(Note 4)</i>
Tiandi Yihao Beverage	Interest of controlled corporation	227,996,000 <sup>(Note 3)</sup>	17.68%
Shenzhen Tiandi Win-Win Investment Management Co., Limited	Interest of controlled corporation	227,996,000 <sup>(Note 3)</sup>	17.68%
Tiandi Win-Win Investment Management Co., Limited	Beneficial owner	227,996,000 <sup>(Note 3)</sup>	17.68%

*Notes:*

- Ms. Xie Haiyan is the spouse of Mr. Gao Liang. Ms. Xie Haiyan is deemed to be interested in the 467,661,238 shares in which Mr. Gao Liang is deemed to be interested by virtue of the SFO.
- The entire issued share capital of Think Honour was held by Mr. Gao Liang.
- Tiandi Win-Win Investment Management Co., Limited is a wholly-owned subsidiary of Shenzhen Tiandi Win-Win Investment Management Co., Limited which is a wholly-owned subsidiary of Tiandi Yihao Beverage Co., Ltd. Pursuant to the SFO, Shenzhen Tiandi Win-Win Investment Management Co., Limited and Tiandi Yihao Beverage Co., Ltd. are deemed to be interested in the 227,996,000 Shares held by Tiandi Win-Win Investment Management Co., Limited.
- The percentage was compiled based on the total number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,289,788,000 ordinary shares).

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the persons or companies (not being a Director or chief executive of the Company) had or was deemed to have any interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

### 3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

**4. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 31 December 2018 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors were materially interested, directly or indirectly, in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group.

**5. COMPETING INTERESTS**

As at the Latest Practicable Date, according to the Listing Rules, none of the Directors had interests businesses which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group pursuant to the Listing Rules.

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in any business which competes or may compete, either directly or indirectly, with the business of the Group.

**6. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against the Company or any of its subsidiaries.

**7. MATERIAL CHANGE**

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest audited consolidated financial statements of the Group were made up.

**8. EXPERT'S CONSENT AND QUALIFICATIONS**

The following is the qualification of the expert who has given opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Guoyuan Capital	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Guoyuan Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name included herein in the form and context in which it is included.

As at the Latest Practicable Date, Guoyuan Capital did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours, Monday to Friday (other than public holidays), at the Company's head office and principal place of business in Hong Kong at Room B, 3rd Floor Eton Building, 288 Des Voeux Road Central, Hong Kong, from the date of this circular up to and including the date of the Extraordinary General Meeting:

- (a) the 2020 Framework Agreement;
- (b) the letter from the Independent Board Committee as set out in this circular;
- (c) the letter from Guoyuan Capital as set out in this circular;
- (d) the consent letter referred to in the paragraph headed "Expert's Consent and Qualifications" in this Appendix I; and
- (e) this circular.

**10. GENERAL**

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Room B, 3rd Floor Eton Building, 288 Des Voeux Road Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary is Mr. Terence Sin Yuen Ko, who is an accountant.
- (e) The English text of this circular shall prevail over the Chinese text, in the event of inconsistency.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# China Haisheng Juice Holdings Co., Ltd.

## 中國海升果汁控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0359)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of China Haisheng Juice Holdings Co., Ltd. (the “**Company**”) will be held at conference room of Shaanxi Haisheng Fresh Fruit Juice Co., Ltd., at 2/F, 359 Shenzhou 3rd Road, Chang’an District, Xi’an, Shaanxi Province, the PRC, at 10 a.m. on Wednesday, 4 March 2020 to consider, and if thought fit, to pass the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the 2020 Framework Agreement (as defined in the circular of the Company dated 14 February 2020 (the “**Circular**”), a copy of which marked “A” is produced to the meeting and signed by the chairman of the meeting for the purpose of identification) dated 3 January 2020 and entered into between 天地壹號飲料股份有限公司 (Tiandi Yihao Beverage Co., Ltd.\*) as purchaser and 陝西海升果業發展股份有限公司 (Shaanxi Haisheng Fruit Juice Co., Ltd.\*) as supplier, in relation to the purchase and supply of fruit juice concentrates for a term commencing from 1 January 2020 to 31 December 2020 in respect of the transactions contemplated under the 2020 Framework Agreement be and are hereby approved, confirmed and/or ratified subject to the Annual Cap (as defined in the Circular) for the period of one year ending 31 December 2020, and all transactions contemplated thereunder and in connection therewith and any other ancillary documents be and are hereby approved, confirmed and/or ratified;
- (b) the Annual Cap (as defined in the Circular) of RMB49,800,000.00, be and are hereby approved, confirmed and/or ratified; and
- (c) any one of the directors of the Company be and is hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such documents, deeds, agreements and instruments, to agree to such amendments, variations or extension to the 2020 Framework Agreement and do all such acts, matters and things and take all such steps as he may in his discretion consider necessary, expedient or desirable to implement and/or to give effect to the 2020 Framework Agreement and the transactions contemplated thereunder as they may in his discretion consider to be desirable and in the interests of the Company.”



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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By Order of the Board of  
**China Haisheng Juice Holdings Co., Ltd.**  
**Mr. Gao Liang**  
*Chairman*

Xi'an, the People's Republic of China, 14 February 2020

\* *The English translation of Chinese names or words, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*Notes:*

1. Any member entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy, together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority must be delivered to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Monday, 2 March 2020 to Wednesday, 4 March 2020 (both dates inclusive), during which period no transfers of Shares will be effected. In order to qualify for the entitlement to attend and vote at the Meeting, all transfer of Shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 28 February 2020.
4. Where there are joint holders of any Share, any one of such persons may vote at the Meeting, either in person or by proxy, in respect of such Share as if he was solely entitled thereto; but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
5. In compliance with Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, voting on the resolution proposed in this notice shall be decided by poll at the Meeting.
6. Members of the Company who attend the Meeting shall be responsible for their own travel and accommodation expenses.

*As at the date of this notice, the executive Directors are Mr. Gao Liang, Mr. Wang Junqing, Mr. Wang Yasen and Mr. Wang Linsong; and the independent non-executive Directors are Ms. Huang Liqiong, Mr. Zhao Boxiang and Mr. Liu Zhongli.*