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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)

DISCLOSEABLE AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF THE JV COMPANY

The Board is pleased to announce that on 17 March 2020, Shaanxi Chaoyue, a non-wholly-owned subsidiary of the Group, entered into a Joint Venture Agreement with Ningxian Junong, Ningxian Jinnong and the Fruit Industry Bureau in relation to the formation of the JV Company in Ning Xian, Gansu Province, the PRC with a registered capital of RMB50 million.

Pursuant to the terms of the Joint Venture Agreement, each of Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and the Fruit Industry Bureau will contribute RMB39 million, RMB2 million, RMB3 million and RMB6 million, respectively, to the registered capital of the JV Company. Upon the completion of the establishment of the JV Company, it will be owned as to 78% by Shaanxi Chaoyue, 4% by Ningxian Junong, 6% by Ningxian Jinnong and 12% by the Fruit Industry Bureau, respectively.

The JV Company will be principally engaged in the fruits' extensive plantation, breeding infant trees, selection, processing, packaging, storage and sale of fruits and other agricultural products.

LISTING RULES IMPLICATIONS

Discloseable transaction

As the highest percentage ratio as set out in the Listing Rules in respect of the transactions contemplated under the Joint Venture Agreement is more than 5% but less than 25%, the entering into the Joint Venture Agreement and the transactions as contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of the Joint Venture Agreement, Ningxian Junong is a substantial shareholder of an indirect non-wholly subsidiary of the Company, namely Qingyang Ningyue. Accordingly, Ningxian Junong is a connected person at the subsidiary level of the Company pursuant to Chapter 14A of the Listing Rules. The entering into of the Joint Venture Agreement and the transactions as contemplated thereunder also constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, as (i) Ningxian Junong is only a connected person at the subsidiary level; (ii) the transactions as contemplated under the Joint Venture Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Joint Venture Agreement; and (iv) the independent non-executive Directors have confirmed that the terms of the Joint Venture Agreement are fair and reasonable, the transactions as contemplated under the Joint Venture Agreement are on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the entering into of the Joint Venture Agreement and the transactions as contemplated thereunder are subject only to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 17 March 2020, Shaanxi Chaoyue, a non-wholly-owned subsidiary of the Group, entered into a Joint Venture Agreement with Ningxian Junong, Ningxian Jinnong and the Fruit Industry Bureau in relation to the formation of the JV Company in Ning Xian, Gansu Province, the PRC with a registered capital of RMB50 million.

Pursuant to the terms of the Joint Venture Agreement, each of Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and the Fruit Industry Bureau will contribute RMB39 million, RMB2 million, RMB3 million and RMB6 million, respectively, to the registered capital of the JV Company. Upon the completion of the establishment of the JV Company, it will be owned as to 78% by Shaanxi Chaoyue, 4% by Ningxian Junong, 6% by Ningxian Jinnong and 12% by the Fruit Industry Bureau, respectively.

The JV Company will be principally engaged in the fruits' extensive plantation, breeding infant trees, selection, processing, packaging, storage and sale of fruits and other agricultural products.

THE JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are as follows:

- Date** : 17 March 2020
- Parties:** : (1) Shaanxi Chaoyue (a non-wholly owned subsidiary of the Company);
- (2) Ningxian Junong;
- (3) Ningxian Jinnong; and
- (4) the Fruit Industry Bureau.

- Proposed Name of the Joint Venture Company** : 慶陽華綠農業有限公司(Qingyang Hualv Agriculture Co., Ltd.*) (subject to the final name as approved and registered by the industrial and commercial registration authority).
- Scope of business** : The JV Company will be principally engaged in the fruits' extensive plantation, breeding infant trees, selection, processing, packaging, storage and sale of fruits and other agricultural products.
- Total registered capital** : RMB50 million
- Details of contribution** : The total registered capital of RMB50 million will be contributed in cash as follows:
- (a) 78% (equivalent to RMB39 million) by Shaanxi Chaoyue;
 - (b) 4% (equivalent to RMB2 million) by Ningxian Junong;
 - (c) 6% (equivalent to RMB3 million) by Ningxian Jinnong; and
 - (d) 12% (equivalent to RMB6 million) by the Fruit Industry Bureau.
- All the parties to the Joint Venture Agreement shall pay up in full their respective capital contributions within seven years from the date when the business licence of the JV Company is issued by the relevant PRC government authorities.
- The capital contribution by Shaanxi Chaoyue will be funded by the Group's working capital.
- Place of incorporation** : Ning County, Qingyang City, Gansu Province, the PRC.
- Board composition** : The Joint Venture Company will not have a board of directors but will have one executive director to be appointed by any shareholder holding more than 50% of the equity interest of the Joint Venture Company.
- Restriction on equity transfer** : All or some of the equity interests in the JV Company may be transferred among the parties to the Joint Venture Agreement.
- In respect of transfer of equity interests in the JV Company to anyone other than the parties to the Joint Venture Agreement, the prior consent of other parties to the Joint Venture Agreement by a simple majority is required.
- If other parties agree to the transfer of equity interests in the JV Company, such other parties shall have the right of first refusal under the same conditions.

The amount of capital contribution to be made by Shaanxi Chaoyue was determined by the parties to the Joint Venture Agreement through arm's length negotiations after taking into account the expected working capital required for modernised extensive plantation and the sale of apple and other fruits to be undertaken by the JV Company. As such, the Directors consider that the capital contribution to be made by Shaanxi Chaoyue under the Joint Venture Agreement is fair and reasonable.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquires and save for Ningxian Junong is a substantial shareholder of an indirect non-wholly owned subsidiary of the Company, namely Qingyang Ningyue, Ningxian Jinnong, the Fruit Industry Bureau and their respective ultimate beneficial owners are Independent Third Parties and not connected with the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

By the end of 2019, Shaanxi Chaoyue has built more than 80 fruits and vegetables production bases in the PRC and is principally engaged in business including breeding and sale of infant apple trees; intensive apple dwarf rootstocks plantation and; selection, packaging and sale of apples.

It is expected that the JV Company will help the Group to expand its business in plantation and sale of apple and other fruits further in Gansu province in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement was entered into after arm's length negotiations and on normal commercial terms and the terms of the Joint Venture Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES TO THE JOINT VENTURE AGREEMENT

The Group is principally engaged in the manufacture and sale of fruit juice concentrate and related products and plantation and sale of apples and other fruits and production and sale of feed.

Shaanxi Chaoyue is a non-wholly owned subsidiary of the Company. It is principally engaged in the plantation and sale of apple and other fruits.

Ningxian Junong is a rural specialised co-operative established in the PRC. Ningxian Junong is principally engaged in the plantation and sale of fruits.

Ningxian Jinnong is a limited liability company established in the PRC. Ningxian Jinnong is principally engaged in the development of agricultural projects and processing, storage, sale and delivery of agricultural products.

The Fruit Industry Bureau is mainly responsible for formulating fruits production plan, promoting production technology and introducing new varieties in fruit industry.

LISTING RULES IMPLICATIONS

Discloseable transaction

As the highest percentage ratio as set out in the Listing Rules in respect of the transactions contemplated under the Joint Venture Agreement is more than 5% but less than 25%, the entering into the Joint Venture Agreement and the transactions as contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of the Joint Venture Agreement, Ningxian Junong is a substantial shareholder of an indirect non-wholly subsidiary of the Company, namely Qingyang Ningyue. Accordingly, Ningxian Junong is a connected person at the subsidiary level of the Company pursuant to Chapter 14A of the Listing Rules. The entering into of the Joint Venture Agreement and the transactions as contemplated thereunder also constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, as (i) Ningxian Junong is only a connected person at the subsidiary level; (ii) the transactions as contemplated under the Joint Venture Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Joint Venture Agreement; and (iv) the independent non-executive Directors have confirmed that the terms of the Joint Venture Agreement are fair and reasonable, the transactions as contemplated under the Joint Venture Agreement are on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the entering into of the Joint Venture Agreement and the transactions as contemplated thereunder are subject only to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the Directors has any material interests in the formation of the JV Company, none of them is required to abstain from voting on the Board resolutions approving the Joint Venture Agreement and the transactions contemplated thereunder pursuant to the articles of association of the Company.

DEFINITIONS

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

“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
“connected person(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fruit Industry Bureau”	Fruit Industry Bureau of Ning County (寧縣果業局), Qingyang City, Gansu Province, the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or entity(ies) that is or are not connected person(s) within the meaning of the Listing Rules
“Joint Venture Agreement”	the joint venture agreement dated 17 March 2020 and entered into among Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and the Fruit Industry Bureau in relation to the formation of the JV Company
“JV Company”	慶陽華綠農業有限公司(Qingyang Hualv Agriculture Co., Ltd.*) (subject to the final name as approved and registered by the industrial and commercial registration authority), a limited liability company to be established by the parties to the Joint Venture Agreement in Ning Xian, Gansu Province, the PRC, pursuant to the Joint Venture Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningxian Jinnong”	寧縣金農農業扶貧開發有限公司(Ningxian Jinnong Agriculture Poverty Alleviation and Development Co., Ltd.*), a limited liability company established in the PRC
“Ningxian Junong”	寧縣聚農蘋果產業資金專業合作社(Ningxian Junong Apple Industry Fund Professional Cooperative*), a rural specialised co-operative established in the PRC

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Qingyang Ningyue”	慶陽寧越現代農業有限公司(Qiayang Ningyue Modern Agriculture Co., Ltd.*), a limited liability company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Chaoyue”	陝西超越農業有限公司(Shaanxi Chaoyue Agriculture Company Limited*), a company established in the PRC with limited liability which is a non-wholly owned subsidiary of the Company
“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 given to it under the Listing Rules
“substantial shareholder”	has the meaning given to it under the Listing Rules
“%”	per cent.

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

Xi’an, the People’s Republic of China, 17 March 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.*

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