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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 TRANSACTION – FORMATION OF THE JV COMPANY

FORMATION OF THE JV COMPANY

The Board is pleased to announce that on 16 April 2020, Shaanxi Chaoyue entered into a Joint Venture Agreement with Zhongchun Agriculture, pursuant to which Shaanxi Chaoyue and Zhongchun Agriculture have agreed to establish the JV Company with a registered capital of RMB30.00 million (equivalent to approximately HK\$33.00 million) and each of Shaanxi Chaoyue and Zhongchun Agriculture has agreed to contribute to the registered capital of the JV Company at RMB21.00 million (equivalent to approximately HK\$23.10 million) and RMB9.00 million (equivalent to approximately HK\$9.90 million), respectively. Shaanxi Chaoyue and Zhongchun Agriculture will own 70% and 30% of the equity interests of the JV Company, respectively, after the Capital Contributions. The JV Company will be principally engaged in the modernized extensive plantation and sale of apple and other fruits.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the JV Company exceeds 5% and is less than 25%, the entering into Joint Venture Agreement by Shaanxi Chaoyue constitutes a discloseable transaction under Chapter 14 of the Listing Rules is subject to the reporting and announcement requirements, but is exempted from shareholders' approval requirement, pursuant to Chapter 14 of the Listing Rules.

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 16 April 2020, Shaanxi Chaoyue entered into a Joint Venture Agreement with Zhongchun Agriculture, pursuant to which Shaanxi Chaoyue and Zhongchun Agriculture have agreed to establish the JV Company with a registered capital of RMB30.00 million (equivalent to approximately HK\$33.00 million) and each of Shaanxi Chaoyue and Zhongchun Agriculture has agreed to contribute to the registered capital of the JV Company at RMB21.00 million (equivalent to approximately HK\$23.10 million) and RMB9.00 million (equivalent to approximately HK\$9.90 million), respectively. Shaanxi Chaoyue and Zhongchun Agriculture will own 70% and 30% of the equity interests of the JV Company, respectively, after the Capital Contributions. The JV Company will be principally engaged in the modernized extensive plantation and sale of apple and other fruits. Principal terms of the Joint Venture Agreement are summarised as follows:

Date

16 April 2020

Parties

- (1) Shaanxi Chaoyue; and
- (2) Zhongchun Agriculture.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Zhongchun Agriculture and its respective ultimate beneficial owners are Independent Third Parties and not connected with the Company and its connected persons (as defined under the Listing Rules).

Business Scope and Term of Operation

The JV Company will be principally engaged in the modernised extensive plantation and sale of apples and other fruits in Suijiang County, Zhaotong City, Yunnan Province, the PRC. The term of operation of the JV Company is 30 years, commencing on the date of issuance of Business License of the JV Company.

Registered Capital and Capital Contributions

Pursuant to the Joint Venture Agreement, the Parties agree to establish the JV Company with a registered capital of RMB30.00 million (equivalent to approximately HK\$33.00 million) and each of Shaanxi Chaoyue and Zhongchun Agriculture has agreed to contribute to the registered capital of the JV Company upon the terms and conditions of the Joint Venture Agreement. Details of the Capital Contributions are as follows:

- a) Shaanxi Chaoyue has agreed to contribute RMB21.00 million (equivalent to approximately HK\$23.10 million) in cash to the registered capital of the JV Company and which shall be paid on or before 30 April 2022 by instalment;
- b) Zhongchun Agriculture has agreed to contribute RMB9.00 million (equivalent to approximately HK\$9.90 million) in cash to the registered capital of the JV Company and which shall be paid on or before 30 April 2022 by instalment.

The capital contribution by Shaanxi Chaoyue will be funded by the Group's working capital. The amount of capital contribution by Shaanxi Chaoyue was arrived at arm's length negotiations between the Parties with reference to (a) the future capital requirement by the JV Company and (b) the percentage of equity interests held by Shaanxi Chaoyue in the JV Company.

Restriction on Equity Transfer and Capital Reduction

Without the prior written consent of the other party, either party to the Joint Venture Agreement shall not transfer its equity interests in the JV Company. If the other party agrees to the transfer of equity interests, such other party shall have the right of first refusal under the same conditions.

REASONS AND BENEFITS DERIVED FROM THE CONTRIBUTIONS

The Group has built more than 90 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 Suijiang County, Zhaotong City, Yunnan Province, the PRC.

The Directors (including the independent non-executive Directors) are of the view that the formation of the JV Company is in the interests of the Group and the Shareholders as a whole and the terms of the Joint Venture Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable.

INFORMATION ON THE PARTIES TO THE JOINT VENTURE AGREEMENT

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

Zhongchun Agriculture is principally engaged in agricultural development in Suijiang County, Zhaotong City, Yunnan Province, the PRC. Zhongchun Agriculture is wholly-owned by Wu Jichun (吳繼春), an Independent Third Party.

INFORMATION ON THE GROUP

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.

FINANCIAL EFFECT OF THE CAPITAL CONTRIBUTION

Upon completion of the Capital Contributions, the Group will have 70% equity interests in the JV Company which will be accounted for by the Group as a non-wholly owned subsidiary. The capital contribution will be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the contribution of registered capital by Shaanxi Chaoyue exceeds 5% and is less than 25%, the capital contribution by Shaanxi Chaoyue constitutes a discloseable transaction under Chapter 14 of the Listing Rules is subject to the reporting and announcement requirements, but is exempted from shareholders' approval requirement, pursuant to Chapter 14 of the Listing Rules.

As none of the Directors has material interests in the formation of the JV Company, none of them has 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, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Capital Contributions”	the capital contributions to the registered capital of the JV Company by the Parties pursuant to the Joint Venture Agreement
“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 whose issued Shares 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are not connected person(s) (as defined in the Listing Rules) of the Company
“Joint Venture Agreement”	the joint venture agreement dated 16 April 2020 and entered into between Shaanxi Chaoyue and Zhongchun Agriculture in relation to the formation of the JV Company
“JV Company”	Suijiang Chaoyue Agriculture Company Limited* (綏江超越農業有限公司) (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 Suijiang County, Zhaotong City, Yunnan Province, the PRC, pursuant to the Joint Venture Agreement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	collectively, Zhongchun Agriculture and Shaanxi Chaoyue
“Party”	individually, Zhongchun Agriculture or Shaanxi Chaoyue
“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

“Shares”	ordinary share(s) of HK\$0.01 each in the issued share capital 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
“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 and which is a non wholly-owned subsidiary of the Company
“Zhongchun Agriculture”	綏江縣中春農業綜合開發有限公司 (Suijing County Zhongchun Agriculture Development Company Limited*), a limited liability company established in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	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, 16 April 2020

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

In this announcement, RMB has been converted to HK\$ at the rate of RMB1= HK\$1.1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

* For identification purpose only.