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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 7 May 2020, Weining Chaoyue, a non-wholly-owned subsidiary of the Group, entered into a Joint Venture Agreement with Zhaoyang Agriculture in relation to the formation of the JV Company in Zhaotong City, Yunnan Province, the PRC with a registered capital of RMB50 million.

Pursuant to the terms of the Joint Venture Agreement, each of Weining Chaoyue and Zhaoyang Agriculture will contribute RMB15 million and RMB35 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 30% by Weining Chaoyue and 70% by Zhaoyang Agriculture, respectively.

The JV Company will be principally engaged in the plantation, the processing and the sale of fruits, vegetables and other agricultural products and the provision of warehouse services.

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 are 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, Zhaoyang Agriculture is a substantial shareholder of an indirect non-wholly subsidiary of the Company, namely Zhaotong Chaoyue. Accordingly, Zhaoyang Agriculture 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) Zhaoyang Agriculture 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 7 May 2020, Weining Chaoyue, a non-wholly-owned subsidiary of the Group, entered into a Joint Venture Agreement with Zhaoyang Agriculture in relation to the formation of the JV Company in Zhaotong City, Yunnan Province, the PRC with a registered capital of RMB50 million.

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The JV Company will be principally engaged in the plantation, the processing and the sale of fruits, vegetables and other agricultural products and the provision of warehouse services.

THE JOINT VENTURE AGREEMENT

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

- Date** : 7 May 2020
- Parties:** : (1) Weining Chaoyue, a non-wholly owned subsidiary of the Company;
and
(2) Zhaoyang Agriculture.
- Name of the JV Company** : 昭通現代農業科技有限公司(Zhaotong Modern Agricultural Technology 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 plantation, the processing and the sale of fruits, vegetables and other agricultural products and the provision of warehouse services.
- Total registered capital** : RMB50 million
- Details of contribution** : The total registered capital of RMB50 million will be contributed as follows:

(a) 30% (equivalent to RMB15 million) by Weining Chaoyue; and

(b) 70% (equivalent to RMB35 million) by Zhaoyang Agriculture.
- The parties to the Joint Venture Agreement shall pay up in full their respective capital contributions by 30 October 2030.
- The capital contribution by Weining Chaoyue will be funded by the Group's working capital.
- Place of incorporation** : Zhaoyang District, Zhaoyong City, Yunnan Province, the PRC
- Board composition** : The board of directors of the JV Company shall comprise five members. At the time of establishment of the JV Company, Weining Chaoyue and Zhaoyang Agriculture shall nominate 2 directors and 3 directors, respectively.

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 the other party to the Joint Venture Agreement by a simple majority is required.

If the other party to the Joint Venture Agreement does not agree to the transfer of equity interests in the JV Company, it should purchase such equity interests to be transferred. If such other party fails to purchase such equity interests, it shall be regarded as approval of the transfer.

If the other party agrees to the transfer of equity interests in the JV Company, such other party shall have the right of first refusal under the same conditions.

The amount of capital contribution to be made by Weining 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 plantation, the processing and the sale of fruits, vegetables and other agricultural products and the provision of warehouse services to be undertaken by the JV Company. As such, the Directors consider that the capital contribution to be made by Weining Chaoyue under the Joint Venture Agreement is fair and reasonable.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

The Group has built more than 90 fruits and vegetables production bases in the PRC and is principally engaged in business including manufacture and sale of fruit juice concentrate and other related products and plantation and sale of apple saplings, apples and other fruits and production and sale of feed.

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 Yunan 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.

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

Zhaoyang Agriculture is wholly-owned by the State-owned Assets Administration Bureau of Zhaoyang District, Zhaotong City (昭通市昭陽區國資局), Yunnan Province, the PRC, which is a government body of the PRC government.

It is principally engaged in poverty alleviation, development and investment in Zhaoyang District, Zhaotong City, Yunnan Province, the PRC.

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, Zhaoyang Agriculture is a substantial shareholder of an indirect non-wholly subsidiary of the Company, namely Zhaotong Chaoyue. Accordingly, Zhaoyang Agriculture 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) Zhaoyang Agriculture 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	the joint venture agreement dated 7 May 2020 and entered into between Weining Chaoyue and Zhaoyang Agriculture in relation to the formation of the JV Company
“JV Company”	昭通現代農業科技有限公司 (Zhaotong Modern Agricultural Technology 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 Zhaoyang District, Zhaoyong City, Yunnan Province, the PRC, pursuant to the Joint Venture Agreement
“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 announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“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
“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
“Weining Chaoyue”	威寧超越農業有限公司 (Weining Chaoyue Agriculture Company Limited*), a company established in the PRC with limited liability which is a non wholly-owned subsidiary of the Company
“Zhaoyang Agriculture”	昭通市昭陽區農業投資發展有限公司 (Zhaotong Zhaoyang Agricultural Investment Development Co., Ltd.*), a company established in the PRC with limited liability
“Zhaotong Chaoyue”	昭通超越農業有限公司 (Zhaotong Chaoyue Agriculture Company Limited*), a company to be established in the PRC with limited liability
“%”	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, 7 May 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.