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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 –  
DEEMED DISPOSAL OF EQUITY INTERESTS IN  
WUWEI HAIYUE MODERN AGRICULTURE COMPANY LIMITED**

**CAPITAL INCREASE TO THE REGISTERED CAPITAL OF THE TARGET COMPANY**

The Board is pleased to announce that on 3 July 2020, Shaanxi Chaoyue, Wuwei Agriculture and the Target Company entered into the Capital Increase Agreement pursuant to which Wuwei Agriculture has agreed to make a capital contribution to the registered capital of the Target Company so as to increase the registered capital of the Target Company from RMB213.0 million to RMB236.7 million.

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of Shaanxi Chaoyue, which, in turn, is a non wholly-owned subsidiary of the Company. Upon completion of the Capital Increase, each of Shaanxi Chaoyue and Wuwei Agriculture will hold approximately 90% and 10% equity interests in the Target Company, respectively.

**IMPLICATIONS UNDER THE LISTING RULES**

Upon the completion of the Capital Increase, Shaanxi Chaoyue's equity interest in the Target Company will be diluted from 100% to approximately 90% and the Target Company will continue to be an indirect non wholly-owned subsidiary of the Company.

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the contribution by Wuwei Agriculture exceeds 5% and is less than 25%, the capital contribution by Wuwei Agriculture constitutes a disclosable transaction (deemed disposal) of the Target Company under Rule 14.29 of the Listing Rules. As such, the Capital Increase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempted from shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **CAPITAL RAISE TO THE REGISTERED CAPITAL OF THE TARGET COMPANY**

The Board is now pleased to announce that on 3 July 2020, Shaanxi Chaoyue, Wuwei Agriculture and the Target Company entered into the Capital Increase Agreement pursuant to which Wuwei Agriculture has agreed to make a capital contribution to the registered capital of the Target Company so as to increase the registered capital of the Target Company from RMB213.0 million to RMB236.7 million.

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of Shaanxi Chaoyue, which, in turn, is a non wholly-owned subsidiary of the Company. Upon completion of the Capital Increase, each of Shaanxi Chaoyue and Wuwei Agriculture will hold approximately 90% and 10% equity interests in the Target Company, respectively.

### **Capital Increase Agreement**

#### **Date**

3 July 2020

#### **Parties**

- (1) Shaanxi Chaoyue;
- (2) Wuwei Agriculture; and
- (3) the Target Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Wuwei Agriculture and its respective ultimate beneficial owners are Independent Third Parties and not connected with the Company and its connected persons.

### **The Capital Increase and Amount of Consideration Payable**

Pursuant to the Capital Increase Agreement, the Parties agree that Wuwei Agriculture shall make a capital contribution to the registered capital of the Target Company by contributing the Capital Contribution Amount in cash before 10 July 2020 so as to increase the registered capital of the Target Company from RMB213.0 million to RMB236.7 million.

The Capital Contribution Amount was arrived at arm's length negotiation between the Parties with reference to the future prospect of the Target Company. The Directors consider that the Capital Contribution Amount payable by Wuwei Agriculture under the Capital Increase Agreement is fair and reasonable.

## **COMPLETION**

Completion of the Capital Increase as contemplated under the Capital Increase Agreement shall take place upon all the necessary preliminary approvals of, and registrations with the PRC government authority having been obtained and completed in respect of the Capital Increase, which shall not be later than 10 days after the payment of the Capital Contribution Amount by Wuwei Agriculture into the Target Company as part of the Capital Increase.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT**

On 6 December 2018, Shaanxi Chaoyue and Wuwei Agriculture entered into the joint venture agreement dated 6 December 2018 in relation to the formation of the Target Company. Please refer to the announcement of the Company dated 6 December 2018 for further details.

On 22 June 2020, the Target Company repurchased all the equity interest of Wuwei Agriculture in the Target Company at a total consideration of RMB23.7 million which reduced the Target Company's registered capital from RMB33.7 million to RMB10.0 million. On 28 June 2020, Shaanxi Chaoyue injected a total of RMB203.0 million into the Target Company which increased the Target Company's registered capital from RMB10.0 million to RMB213.0 million.

The Board believes that the Capital Increase, will provide the Target Company with additional working capital for the expansion of its businesses.

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

## **INFORMATION ON THE PARTIES TO THE CAPITAL INCREASE 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 apples and other fruits.

Wuwei Agriculture is principally engaged in agriculture development and poverty alleviation in Liangzhou District, Wuwei City, Gansu Province, the PRC, and is a wholly-owned subsidiary of a government body of the PRC government.

## INFORMATION ON THE TARGET COMPANY

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of Shaanxi Chaoyue. The Target Company is principally engaged in plantation, processing and sale of baby carrots in Liangzhou District, Wuwei City, Gansu Province, the PRC.

The audited financial information of the Target Company for year ended 31 December 2018 and year ended 31 December 2019 is set out below:

	<b>For the year ended 31 December 2018 <i>RMB'000</i></b>	<b>For the year ended 31 December 2019 <i>RMB'000</i></b>
Profit/(Loss) Before Taxation	NIL	(5,529)
Profit/(Loss) After Taxation	NIL	(5,529)

## FINANCIAL EFFECT OF THE CAPITAL RAISE

Upon completion of the Capital Increase, the equity interest of Shannxi Chaoyue in the Target Company will be diluted from 100% to approximately 90% and will become an indirect non wholly-owned subsidiary of the Company. As such, the accounts of the Target Company will continue to be recorded in the Group's consolidated accounts. The deemed disposal as a result of the Capital Increase 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 by Wuwei Agriculture exceeds 5% and is less than 25%, the contribution by Wuwei Agriculture constitutes a disclosable transaction (deemed disposal) of the Target Company under Rule 14.29 of the Listing Rules. As such, the Capital Increase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempted from shareholders' approval requirement under Chapter 14 of the Listing Rules.

As none of the Directors has any material interests in the Capital Increase, none of them is required to abstain from voting on the Board resolutions approving the Capital Increase 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 Contribution Amount”	a total of RMB23.7 million to be injected by Wuwei Agriculture into the Target Company as part of the Capital increase
“Capital Increase”	the increase in the registered capital of the Target Company through the injection of the Capital Contribution Amount by Wuwei Agriculture pursuant to the terms of the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 3 July 2020 and entered into among Shaanxi Chaoyue, Wuwei Agriculture and the Target Company in relation to the Capital Increase
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	collectively, Shaanxi Chaoyue, Wuwei Agriculture and the Target Company
“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

“Shaanxi Chaoyue”	陝西超越農業有限公司 (Shaanxi Chaoyue Agriculture 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
“Shareholder(s)”	holder(s) of Shares in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	武威海越現代農業有限公司 (Wuwei Haiyue Modern Agriculture Company Limited*), a company established in the PRC with limited liability which is a direct wholly-owned subsidiary of Shaanxi Chaoyue as at the date of this announcement
“Wuwei Agriculture”	武威市涼州區金希望農業發展有限公司 (Wuwei Liangzhou Golden Hope Agriculture Development Company Limited*) (previously known as 武威涼州農業產業扶貧開發有限責任公司), 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, 3 July 2020

*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.*

\* *For identification purpose only*