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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 CAPITAL INCREASE AGREEMENT

THE CAPITAL INCREASE AGREEMENT

The Board is pleased to announce that on 23 December 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, Henan Fund, Luoning Yongfeng and the Target Company entered into the Capital Increase Agreement pursuant to which the registered capital of the Target Company will be increased from approximately RMB24.77 million to approximately RMB29.02 million, of which (i) Shaanxi Chaoyue has agreed to increase its capital contribution to the registered capital of the Target Company from approximately RMB14.22 million to approximately RMB14.52 million at the consideration of RMB1.50 million, and (ii) Luoning Yongfeng has agreed to make a capital contribution to the registered capital of the Target Company of approximately RMB3.95 million and additional approximately RMB16.05 million as the Target Company's capital reserves.

As at the date of this announcement and before the completion of the Proposed Capital Increase, the Target Company is a joint venture company held as to 57.41% by Shaanxi Chaoyue and 42.59% by Henan Fund. Upon completion of the Proposed Capital Increase, each of Shaanxi Chaoyue, Henan Fund and Luoning Yongfeng will hold approximately 50.03%, 36.35% and 13.26% equity interest in the Target Company, respectively.

IMPLICATIONS UNDER THE LISTING RULES

Discloseable transaction

Upon the completion of the Proposed Capital Increase, Shaanxi Chaoyue's equity interest in the Target Company will be diluted from 57.41% to approximately 50.03% 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 Proposed Capital Increase exceeds 5% and is less than 25%, the Proposed Capital Increase 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.

Connected transaction

As at the date of the Capital Increase Agreement, Luoning Yongfeng is a substantial shareholder of an indirect non-wholly subsidiary of the Company, namely Luoning Haiyue. Accordingly, Luoning Yongfeng is a connected person at the subsidiary level of the Company pursuant to Chapter 14A of the Listing Rules. The entering into of the Capital Increase 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) Luoning Yongfeng is only a connected person at the subsidiary level; (ii) the transactions as contemplated under the Capital Increase Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Capital Increase Agreement; and (iv) the independent non-executive Directors have confirmed that the terms of the Capital Increase Agreement are fair and reasonable, the transactions as contemplated under the Capital Increase Agreement are on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the entering into of the Capital Increase 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.

PROPOSED CAPITAL INCREASE TO THE REGISTERED CAPITAL OF THE TARGET COMPANY

The Board is pleased to announce that on 23 December 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, Henan Fund, Luoning Yongfeng and the Target Company entered into the Capital Increase Agreement pursuant to which the registered capital of the Target Company will be increased from approximately RMB24.77 million to approximately RMB29.02 million, of which (i) Shaanxi Chaoyue agreed to increase its capital contribution from approximately RMB14.22 million to the registered capital of the Target Company of approximately RMB14.52 million at the consideration of RMB1.50 million, and (ii) Luoning Yongfeng has agreed to make a capital contribution to the registered capital of the Target Company of approximately RMB3.95 million and additional approximately RMB16.05 million as the Target Company's capital reserves.

As at the date of this announcement and before the completion of the Proposed Capital Increase, the Target Company is a joint venture company held as to 57.41% by Shaanxi Chaoyue and 42.59% by Henan Fund. Upon completion of the Proposed Capital Increase, each of Shaanxi Chaoyue, Henan Fund and Luoning Yongfeng will hold approximately 50.03%, 36.35% and 13.26% equity interest in the Target Company, respectively.

CAPITAL INCREASE AGREEMENT

Date

23 December 2020

Parties

- (1) Shaanxi Chaoyue;
- (2) Henan Fund;
- (3) Luoning Yongfeng; and
- (4) the Target Company.

The Proposed Capital Increase and Amount of Consideration Payable

Pursuant to the Capital Increase Agreement, the Parties agree to increase the registered capital of the Target Company from approximately RMB24.77 million to approximately RMB29.02 million. Shaanxi Chaoyue shall increase its capital contribution from approximately RMB14.22 million to approximately RMB14.52 million to the registered capital of the Target Company at the consideration of RMB1.50 million. Luoning Yongfeng shall make a capital contribution of approximately RMB3.95 million to the registered capital of the Target Company and additional approximately RMB16.05 million as the Target Company's capital reserves.

The Contributions shall be payable in cash to the bank account of the Target Company before 25 December 2020.

The amount of the above considerations payable by Shaanxi Chaoyue and Luoning Yongfeng was arrived at arm's length negotiation between the Parties with reference to (a) the value of the net asset of the Target Company as appraised by the Valuer pursuant to the valuation report dated 29 September 2020 and (b) the future prospect of the Target Company. As such, the Directors consider that the consideration payable by Shaanxi Chaoyue and Luoning Yongfeng under the Capital Increase Agreement is fair and reasonable.

Conditions Precedent

Completion of the Proposed Capital Increase as contemplated under the Capital Increase Agreement shall be conditional upon the fulfilment of a condition precedent that the shareholders of the Target Company having approved the Proposed Capital Increase by way of a shareholders' resolution.

Such shareholders' approval of the Target Company was obtained on 21 December 2020 and accordingly, the above condition precedent has been fulfilled.

Completion

Completion of the Proposed 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 Proposed Capital Increase, which shall not be later than 10 days after the payment of the Contributions made by Shaanxi Chaoyue and Luoning Yongfeng, respectively, into the Target Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The apple plantation area of the Target Company has been expanded rapidly recently. Currently, it has over four thousand mu apple plantation area in Luoning County, Henan Province, the PRC.

It is expected that the proceeds from the Contributions will help fund the Target Company for the construction of new projects and daily operations, which, in turn, will allow the Group to expand the scale of its agricultural business.

The Directors (including the independent non-executive Directors) are of the view that the Proposed 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.

Henan Fund is a partnership with limited liability established in the PRC with the approval of the people's government of the Henan Province. Henan Fund is principally engaged in investment related to the development and poverty alleviation of Henan Province, the PRC.

Luoning Yongfeng is wholly-owned by Luoning County Finance Bureau (洛寧縣財政局) and is principally engaged in development and investment in agriculture in Luoning County, Luoyang City, Henan Province, the PRC.

INFORMATION ON THE TARGET COMPANY

As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of Shaanxi Chaoyue. The Target Company is principally engaged plantation and sale of apples.

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

	For the year ended 31 December 2018	For the year ended 31 December 2019
	<i>(RMB)</i>	<i>(RMB)</i>
Profit/(Loss) Before Taxation	15,382,336.00	19,421,943.00
Profit/(Loss) After Taxation	14,100,161.00	14,197,189.00

FINANCIAL EFFECT OF THE CAPITAL INCREASE

Upon the completion of the Proposed Capital Increase, Shaanxi Chaoyue's equity interest in the Target Company will be diluted from 57.41% to approximately 50.03% and the Target Company will continue to be 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 Proposed 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

Discloseable Transaction

Upon the completion of the Proposed Capital Increase, Shaanxi Chaoyue's equity interest in the Target Company will be diluted from 57.41% to approximately 50.03% 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 Proposed Capital Increase exceeds 5% and is less than 25%, the Proposed Capital Increase 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.

Connected Transaction

As at the date of the Capital Increase Agreement, Luoning Yongfeng is a substantial shareholder of an indirect non-wholly subsidiary of the Company, namely Luoning Haiyue. Accordingly, Luoning Yongfeng is a connected person at the subsidiary level of the Company pursuant to Chapter 14A of the Listing Rules. The entering into of the Capital Increase 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) Luoning Yongfeng is only a connected person at the subsidiary level; (ii) the transactions as contemplated under the Capital Increase Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Capital Increase Agreement; and (iv) the independent non-executive Directors have confirmed that the terms of the Capital Increase Agreement are fair and reasonable, the transactions as contemplated under the Capital Increase Agreement are on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the entering into of the Capital Increase 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 Proposed 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 Increase Agreement”	the capital increase agreement dated 23 December 2020 and entered into among Shaanxi Chaoyue, Henan Fund, Luoning Yongfeng and the Target Company in relation to the Proposed 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
“Contributions”	collectively, the amount of considerations payable by Shaanxi Chaoyue and Henan Fund to make capital contributions to the additional registered capital and capital reserves of the Target Company as contemplated under the Capital Increase Agreement

“connected person(s)”	has the meaning given to it under the Listing Rules “Director(s)” the director(s) of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Henan Fund”	中央企業貧困地區河南產業投資基金(有限合夥) (Central Enterprise Poverty Area Henan Industrial Investment Fund*), a partnership with limited liability established in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Luoning Haiyue”	洛寧海越現代農業科技有限公司(Luoning Haiyue Modern Agricultural Technology Company Limited*), a limited liability company established in the PRC
“Luoning Yongfeng”	洛寧縣永豐現代農業投資開發有限公司(Luoning City Yongfeng Modern Agricultural Investment and Development Company Limited*), a company established in the PRC with limited liability
“mu”	mu (畝), a unit of area commonly used in the PRC. 1 mu equals approximately 666.67 square meters
“Parties”	collectively, Shaanxi Chaoyue, Henan Fund, Luoning Yongfeng 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
“Proposed Capital Increase”	the proposed increase in the registered capital of the Target Company through the injection of the Contributions pursuant to the Capital Increase Agreement
“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”	洛寧超越農業有限公司(Luoning Chaoyue Agriculture Company Limited*), a company established in the PRC with limited liability which is a direct non-wholly owned subsidiary of Shaanxi Chaoyue as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Valuer”	洛陽市藍誠價格評估事務所有限公司(Luoyang City Lancheng Price Appraisal Firm Limited Company*), a company 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, 23 December 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.*