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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 JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE COMPANY

The Board is pleased to announce that on 25 June 2016, Shaanxi Haisheng entered into a Joint Venture Agreement with Distell, pursuant to which Distell and Shaanxi Haisheng have agreed to establish Distell Haisheng with a registered capital of RMB100 million (equivalent to approximately HK\$118 million) and each of Distell and Shaanxi Haisheng has agreed to contribute to the registered capital of Distell Haisheng at RMB51 million (equivalent to approximately HK\$60.2 million) and RMB49 million (equivalent to approximately HK\$57.8 million), respectively. Upon the completion of the Capital Contributions, Distell Haisheng will be owned as to 51% and 49% by Distell and Shaanxi Haisheng respectively, and thus Distell Haisheng will be a joint venture of the Group.

IMPLICATIONS UNDER THE LISTING RULES

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

The Board is pleased to announce that on 25 June 2016, Shaanxi Haisheng entered into a Joint Venture Agreement with Distell, pursuant to which Distell and Shaanxi Haisheng have agreed to establish Distell Haisheng with a registered capital of RMB100 million (equivalent to approximately HK\$118 million) and each of Distell and Shaanxi Haisheng has agreed to contribute to the registered capital of Distell Haisheng at RMB51 million (equivalent to approximately HK\$60.2 million) and RMB49 million (equivalent to approximately HK\$57.8 million), respectively. Upon the completion of the Capital Contributions, Distell Haisheng will be owned as to 51% and 49% by Distell and Shaanxi Haisheng respectively, and thus Distell Haisheng will be a joint venture of the Group. Principal terms of the Joint Venture Agreement are summarised as follows:

THE JOINT VENTURE AGREEMENT

Date

25 June 2016

Parties

- (1) Distell; and
- (2) Shaanxi Haisheng.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Distell 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 business scope of Distell Haisheng includes manufacturing, marketing and distributing alcoholic ready-to-drink beverages, excluding spirits and wines, in the PRC. The term of operation of Distell Haisheng is 25 years, commencing on the date of issuance of business license of Distell Haisheng.

Registered Capital and Capital Contributions

Pursuant to the Joint Venture Agreement, the Parties agree to establish Distell Haisheng with a registered capital of RMB100 million (equivalent to approximately HK\$118 million) and each of Distell and Shaanxi Haisheng has agreed to contribute to the registered capital of Distell Haisheng upon the terms and conditions of the Joint Venture Agreement. Details of the Capital Contributions are as follows:

- (a) Distell's contribution to the registered capital of Distell Haisheng shall be RMB51 million (equivalent to approximately HK\$60.2 million), representing 51% of the registered capital of Distell Haisheng; and
- (b) Shaanxi Haisheng's contribution to the registered capital of Distell Haisheng shall be RMB49 million (equivalent to approximately HK\$57.8 million), representing 49% of the registered capital of Distell Haisheng.

The above amount of Capital Contributions by Distell and Shaanxi Haisheng shall be payable in cash by instalments upon requests by the board of Distell Haisheng within 60 months from the date of issuance of the initial business license of Distell Haisheng.

The amount of capital contribution by Shaanxi Haisheng was arrived at arm's length negotiations between the Parties with reference to (a) the expected capital need of Distell Haisheng and (b) the percentage of interests in the registered capital of Distell Haisheng to be held by Shaanxi Haisheng.

As Distell Haisheng has not been established, it does not have any assets or business and has not generated any revenue as at the date of this announcement.

Conditions Precedent for Capital Contributions

The Joint Venture Agreement will take effect upon the satisfaction of the following conditions:

- (a) obtaining an approval letter approving the Joint Venture Agreement, the Articles of Distell Haisheng and other related document by MOFCOM or other local authority entrusted by it and the approval certificate for the establishment of Distell Haisheng issued by MOFCOM or other local authority entrusted by it, without any material modification, which is not acceptable by the Parties, made in respect of the Joint Venture Agreement and the Articles of Distell Haisheng by the relevant government departments; and
- (b) obtaining the business license of Distell Haisheng issued by SAIC incorporating the scope of business set out in the Joint Venture Agreement without material modification, which is not acceptable by the Parties, made by the relevant government departments.

Board Composition of Distell Haisheng

Unless otherwise agreed by the Parties, Distell Haisheng shall have seven directors, four of which shall be nominated by Distell and three of which shall be nominated by Shaanxi Haisheng. The board of directors of Distell Haisheng shall have a chairman and a deputy chairman. The chairman, who will also be the legal representative of Distell Haisheng will be a director nominated by Shaanxi Haisheng while the deputy chairman will be a director nominated by Distell.

Restrictions on Transfer of Registered Capital of Distell Haisheng

In the event that a Party of Distell Haisheng offers to transfer all or any part of the interests in the registered capital of Distell Haisheng held by it, directly or indirectly, to a third party, the other Party of Distell Haisheng shall have a right of first refusal to such offered interests at the same terms.

A Party may transfer all or any part of the interests in the registered capital of Distell Haisheng held by it, directly or indirectly, to a third party only upon the written consent of the other Party and upon the other Party's waiver of its pre-emptive rights in accordance with the Joint Venture Agreement.

COMPLETION

Completion shall take place on such date as the Parties mutually agree in writing after fulfilment or waiver (as the case may be) of the above conditions precedent for Capital Contributions.

REASONS AND BENEFITS DERIVED FROM THE CONTRIBUTIONS

The Board considers that there are growth potential and opportunities in the alcoholic ready-to-drink beverages industry in the PRC. Distell Group is Africa's leading producer and marketer of ciders, ready-to-drinks, spirits and fine wines and one of the largest producers of ciders worldwide. It has advanced technology and strong experience in producing alcoholic ready-to-drink beverages. Meanwhile, the Group has years of experience in supplying high quality juice concentrate, one of the main raw materials for producing ciders, to leading global beverage producers. The cooperation between Distell Group and the Group, through the Joint Venture Agreement, to develop the alcoholic ready-to-drink beverages market in the PRC will highly exploit the synergy between Distell Group and the Group. The Directors are also of the view that the formation of Distell Haisheng will enhance and diversify the business portfolio of the Group.

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

INFORMATION ON THE PARTIES TO THE JOINT VENTURE AGREEMENT

Distell is a wholly-owned subsidiary of the Distell Group and principally engaged in manufacturing, marketing and distributing of alcoholic beverages.

Shaanxi Haisheng is a non wholly-owned subsidiary of the Group and principally engaged in manufacturing of fruit juice concentrate and related products.

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 and sale of feed.

IMPLICATIONS UNDER THE LISTING RULES

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

As none of the Directors has material interests in the formation of Distell Haisheng, 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:

“Articles”	the articles of association of Distell Haisheng executed by the Parties
“Board”	the board of Directors of the Company
“Capital Contributions”	collectively, the contributions to the registered capital of Distell Haisheng by Distell and Shaanxi Haisheng as contemplated under 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
“Distell”	Distell International Holdings Limited, a company established and existing under the laws of the United Kingdom with limited liability and a wholly-owned subsidiary of Distell Group Limited.
“Distell Group”	collectively, Distell Group Limited and its subsidiaries
“Distell Group Limited”	a company incorporated in terms of the Laws of the Republic of South Africa with limited liability and whose issued shares are listed on JSE Limited

“Distell Haisheng”	“Anhui Dangshan Distell Haisheng Co., Ltd.” (proposed name), a limited liability company to be established in the PRC and which, pursuant to the Joint Venture Agreement, will be owned as to 49% by the Group
“Group”	collectively, 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 25 June 2016 and entered into between Shaanxi Haisheng and Distell in relation to the formation of Distell Haisheng
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MOFCOM”	the Ministry of Commerce of the PRC
“Parties”	collectively, Distell and Shaaxi Haisheng
“Party”	individually, Distell or Shaanxi Haisheng
“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
“SAIC”	the State Administration for Industry and Commerce of the PRC or the relevant local Administration for Industry and Commerce
“Shaanxi Haisheng”	a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Group
“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

“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, 27 June 2016

As at the date of this announcement, the executive directors are Mr. Gao Liang, Mr. Zhang Xiang, Mr. Ding Li and Mr. Zhao Chongjun; the independent non-executive directors are Mr. Zhao Boxiang, Mr. Li Yuanrui and Mr. Chan Bing Chung.

In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.18 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.*