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CHINA HUIYUAN JUICE GROUP LIMITED

中國匯源果汁集團有限公司*

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1886)

(Debt Securities Stock Code: 5259)

INSIDE INFORMATION IN RELATION TO THE COOPERATION FRAMEWORK AGREEMENT

This announcement is made by China Huiyuan Juice Group Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

COOPERATION FRAMEWORK AGREEMENT

The board (the “**Board**”) of directors (“**Directors**”) of the Company wishes to announce that, on 26 April 2019, the Company and Beijing Huiyuan Food & Beverage Co., Ltd. (“**Beijing Huiyuan**”, together with the Company, “**Huiyuan**”), a wholly-owned subsidiary of the Company, entered into an investment cooperation framework agreement (the “**Cooperation Framework Agreement**”) with Tiandi No. 1 Beverage Inc. (“**Tiandi No. 1**”) and Guangzhou Hezhi Investment Management Co., Ltd. (“**Guangzhou Hezhi**”, together with Tiandi No. 1, the “**Potential JV Partners**”) in relation to a potential establishment (the “**Proposed JV Establishment**”) of a joint venture company (the “**Potential JV Company**”) in the People’s Republic of China (the “**PRC**”). Pursuant to the Cooperation Framework Agreement, it is intended, among others, that the parties will further discuss on the Proposed JV Establishment and enter into legally binding formal agreement(s) as soon as practicable.

Principal Terms of the Cooperation Framework Agreement

The principal terms of the Cooperation Framework Agreement are as follows:

Parties

- (i) the Company;
- (ii) Beijing Huiyuan;

(iii) Tiandi No. 1; and

(iv) Guangzhou Hezhi.

Proposed JV Establishment and Long-term Strategic Cooperation

Pursuant to the Cooperation Framework Agreement, the Company, Beijing Huiyuan, Tiandi No. 1 and Guangzhou Hezhi intended to establish the Potential JV Company, which shall be held as to 60% by the Potential JV Partners and 40% by Beijing Huiyuan.

Pursuant to the Cooperation Framework Agreement, the parties further intended that:

- (i) the Potential JV Partners shall contribute an amount of RMB3.6 billion into the Potential JV Company by way of cash;
- (ii) Huiyuan shall contribute an amount of RMB2.4 billion into the Potential JV Company by way of asset contribution, including registered trademarks in the brand name of “Huiyuan”;
- (iii) upon the establishment of the Potential JV Company, the Potential JV Company shall, at an appropriate time and upon arm’s length’s negotiation, acquire the assets, equity interests and channels required for its operating activities from the Group at a fair value of RMB3 billion, for the purpose of expanding the fruit juice market; and
- (iv) the Company will establish a long-term cooperative relationship with Tiandi No. 1 and the Potential JV Company by supplying raw materials (i.e. puree and concentrated juice) required for the fruit juice production and processing services in relation to the fruit juice production.

Legal effect

Save for those provisions relating to the confidentiality, etc. of the Cooperation Framework Agreement, all other provisions under the Cooperation Framework Agreement do not have legal effect.

REASONS AND BENEFITS FOR ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT

The Company has been actively looking for opportunities for other investors to invest in its business in order to maximize return to the Company and the shareholders of the Company (the “**Shareholders**”). The Proposed JV Establishment and the transactions as contemplated thereunder the Cooperation Framework Agreement, if materialized, would have the following effects on the Group:

- (i) the Potential JV Partners and the Group shall complement each other’s strengths in product categorisation, marketing areas and distribution channels, etc. so as to facilitate greater expansion and development of the juice beverage business, thereby consolidating and accelerating the overall future growth and development of the Group;

- (ii) the positive operation of the Potential JV Company would contribute to the growth and preservation of the Group's asset value;
- (iii) in view of the long-term cooperation between the Potential JV Partners and the Potential JV Company, the Group will be able to secure stable business order and recurring operating cash flows, which is beneficial to the healthy and steady development of the Group's business; and
- (iv) through cash obtained from the potential asset transactions with the Potential JV Company as well as the recurring operating cash flow generated from the long-term cooperation with the Potential JV Partners, the Company's cash position would be improved and so will ease its debt position.

The terms of the Cooperation Framework Agreement were arrived at after arm's length negotiations between the Potential JV Partners and Huiyuan. The Board considers that the terms of the Cooperation Framework Agreement are on normal commercial terms and fair and reasonable, and if the Proposed JV Establishment and the transactions as contemplated thereunder the Cooperation Framework Agreement materialize, it will be in the interests of the Company and its shareholders as a whole.

PARTIES TO THE COOPERATION FRAMEWORK AGREEMENT

Tiandi No. 1 is a company established in the PRC and listed on the National Equities Exchange and Quotations System of PRC (stock code 832898). It is mainly engaged in research and development, production and sales of vinegar drinks and other beverages.

Guangzhou Hezhi is a company established in the PRC principally engaged in investment management service and investment consulting service.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Tiandi No. 1 and Guangzhou Hezhi is independent of and not connected with the Group and its connected persons (as defined in the Listing Rules).

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares and debt securities of the Company on the Stock Exchange has been halted since 9:00 a.m. on 3 April 2018 (and automatically converted to suspension thereafter) and will remain suspended until further notice.

The proposed cooperation under the Cooperation Framework Agreement is subject to further negotiation on the entering into of the formal agreement. As at the date of this announcement, the terms and conditions of the formal agreement are yet to be determined and no definitive agreement has been reached between the Potential JV Partners and Huiyuan in relation thereto. As such, the proposed cooperation may or may not proceed eventually.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. Further announcement in respect of the proposed cooperation will be made by the Company as and when required under the Listing Rules.

By Order of the Board
China Huiyuan Juice Group Limited
Zhu Xinli
Chairman

Beijing, 26 April 2019

As at the date of this announcement, the directors of the Company are Mr. ZHU Xinli, Ms. ZHU Shengqin and Ms. JU Xinyan as executive directors, Mr. SONG Quanhou and Mr. WANG Wei as independent non-executive directors.