

INTERESTED PERSON TRANSACTION – UPDATE ON LEASE AGREEMENT

1. INTRODUCTION

The Board of Directors ("**Board**") of Zhongxin Fruit and Juice Limited ("**Company**") and together with its subsidiaries, the "**Group**") refers its announcement on SGXNET dated 24 August 2016 in relation to a lease agreement ("**Lease Agreement**") between Yuncheng Zhongxin Fruit & Juice Company Limited ("**Yuncheng Zhongxin**"), a subsidiary of the Company and Qingdao SDIC Zhonglu Fruit Juice Co., Ltd ("**QSZ**") for QSZ to lease certain storage facility to Yuncheng Zhongxin for one year beginning 1 July 2016.

QSZ is a subsidiary of SDIC Zhonglu Fruit Juice Co. Ltd. ("SDIC Zhonglu"), a controlling shareholder of the Company holding 53.11% shareholding interest in the Company. Accordingly, QSZ is deemed to be the interested persons within the meaning defined in Chapter 9 of the Catalist Rules.

The parties of the Lease Agreement agreed that the rental payable for the duration of the lease shall be determined in accordance with a rental valuation to be carried out by an independent property consultant to be appointed jointly by Yuncheng Zhongxin and QSZ.

2. THE LEASE AGREEMENT AND RULE 916(1) OF THE CATALIST RULES

Yuncheng Zhongxin and QSZ commissioned Qingdao Land Assets Appraisal Co., Ltd. ("**Valuer**") to carry out the rental valuation, and received the valuation report ("**Valuation Report**") on 26 August 2016. The rate of rental and ancillary logistics fees payable under the Lease Agreement is below the valuation in the Valuation Report.

As there are different batches of concentrated fruit juice to be stored for different period of time, the exact aggregate rental under the Lease Agreement can only be determined at the end of its term. Based on an estimate of 12,000 tons of concentrated fruit juice storage for an estimated mean period of approximately 135 days, the estimated rental and ancillary logistics fees to be paid by Yuncheng Zhongxin to QSZ for such storage space for one year period is approximately RMB 1.5 million (representing approximately 2.51% of the Group's latest audited net tangible assets for the financial year ended 30 June 2015 of RMB 59.9 million).

The Lease Agreement is effective for the period from 1 July 2016 to 30 June 2017. Yuncheng Zhongxin had made a prepayment of RMB595,000 to secure the lease and such prepayments will be offset against the rental when incurred. As the lease is for a period not exceeding three years and the rental is supported by an independent valuation, the rental under the Lease Agreement falls within the exception as set out under Rule 916(1) of the Catalist Rules.

3. RATIONALE FOR THE LEASE AGREEMENT

The fruit juice production of Yuncheng Zhongxin varies with the seasonal nature of its raw materials. As such, Yuncheng Zhongxin may produce excess goods during the production season and store for subsequent sale and delivery to customers. Given that Yuncheng Zhongxin has limited storage facility, the Lease Agreement will provide Yuncheng Zhongxin an additional avenue to store its excess goods. QSZ is located in the port city of Qingdao, and Yuncheng Zhongxin typically uses the port of Qingdao to ship its products to customers overseas. The storage facility offered by QSZ will reduce subsequent logistic cost for Yuncheng Zhongxin.

4. VALUE OF INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, the value of all interested person transactions conducted since the financial year ending 30 June 2017 ("FY2017") is as follow:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (RMB'000)
SDIC Zhonglu	NIL ⁽¹⁾	Sales by the Group to SDIC Zhonglu and its group of companies. 9,036
Total:		9,036

Note:

(1) Excluding the prepayment of RMB595,000 made in FY2016 to secure the lease, no rental has been incurred to date and subsequent rental has also not been included in the table.

Save as disclosed above, there are no other interested person transactions above S\$100,000 for FY2017.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for SDIC Zhonglu, Mr. Zhang Jiming and Ms. Quan Yuhong (who are nominated by SDIC Zhonglu), none of the other Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Lease Agreement.

6. DOCUMENTS FOR INSPECTION

Copies of the Lease Agreement and the Valuation Report will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

By Order of the Board

Zhang Jiming
Executive Chairman
29 September 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.