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## **ASIAN CITRUS HOLDINGS LIMITED**

**亞洲果業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 73)**

**(I) MAJOR TRANSACTION IN RELATION TO  
THE ACQUISITION OF TARGET LAND AND PROPERTIES;  
(II) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;  
AND  
(III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

### **THE ACQUISITION**

On 19 January 2021 (after trading hours), the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire interest in the Target Land and Properties free from encumbrances at the Consideration of RMB57 million (equivalent to approximately HK\$68.4 million), which shall be settled by cash to be financed by the net proceeds from the Placing.

The Acquisition Completion is subject to, among other things, the Placing Completion. The terms and conditions of the Sale and Purchase Agreement are set forth under the section headed “The Acquisition – The Sale and Purchase Agreement” in this announcement.

### **THE PLACING UNDER THE SPECIFIC MANDATE**

On 19 January 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six Placees, who and whose ultimate beneficial owner shall be Independent Third Parties, to subscribe for up to 1,250,000,000 Placing Shares at the Placing Price of HK\$0.08 per Placing Share. Placing Shares will be allotted and issued pursuant to a Specific Mandate to be sought from the Shareholders at the SGM to be convened in accordance with the Listing Rules. The terms and conditions of the Placing Agreement is set forth under the section headed “The Placing under the Specific Mandate – The Placing Agreement” in this announcement.

As at the date of this announcement, the Company has 1,249,637,884 Shares in issue. Assuming that (a) there will be no change in the number of issued Shares of the Company between the date of this announcement and the date of the Placing Completion; and (b) the maximum of 1,250,000,000 Placing Shares are successfully placed, the Placing Shares represent (i) approximately 100.03% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 50.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum of 1,250,000,000 Placing Shares will be HK\$12,500,000.

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing would amount to HK\$100 million. The net proceeds, after deduction of all relevant expenses, including but not limited to placing fees, legal expenses and disbursements, and other expenses incidental to the Placing, would amount to approximately HK\$94.7 million.

The Company intends to apply the net proceeds from the Placing as to: (i) approximately HK\$68.4 million for the financing of the Consideration; (ii) approximately HK\$11.0 million for the refurbishment of the Target Land and Properties; and (iii) approximately HK\$15.3 million for the working capital of the Group for daily operations.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date of this announcement, the Company has an authorised share capital of HK\$20,000,000 divided into 2,000,000,000 Shares. To facilitate the Placing and provide the Company with greater flexibility for future development, the Board proposes to increase the authorised share capital of the Company to HK\$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 3,000,000,000 new Shares. Such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares. The Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the SGM.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **The Acquisition**

As the highest percentage ratio in respect of the Acquisition under the Sale and Purchase Agreement exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

### **The Placing under the Specific Mandate**

The Company will seek the Shareholders' approval at the SGM for the grant of the Specific Mandate to allot and issue the Placing Shares. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Placing Shares on the Stock Exchange.

### **GENERAL**

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Increase in Authorized Share Capital; and (iv) the grant of the Specific Mandate for the allotment and issuance of the Placing Shares.

A circular containing, among other things, further information relating to (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Increase in Authorized Share Capital; (iv) the Specific Mandate; and (v) the notice of the SGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 5 March 2021, which is more than 15 Business Days after the publication of this announcement as more time will be needed for the preparation of certain information to be included in the circular.

**Each of the Acquisition Completion and the Placing Completion is conditional upon the satisfaction of the conditions set out in the Sale and Purchase Agreement and the Placing Agreement, respectively. Accordingly, the Acquisition and the Placing may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares of the Company.**

## **THE ACQUISITION**

### **Introduction**

Reference is made to the announcement of the Company dated 21 October 2020 in relation to the entering into of the MOU.

On 19 January 2021 (after trading hours), the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire interest in the Target Land and Properties free from encumbrances.

## **The Sale and Purchase Agreement**

The principal terms of the Sale and Purchase Agreement are summarized as follows:

### ***Date***

19 January 2021

### ***Parties***

- (i) Vendor : Mr. Gao Xiwu (高錫武 or “**Mr. Gao**”)
- (ii) Purchaser : Shenzhen Guanjiali, a wholly owned subsidiary of the Company

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendor is an Independent Third Party.

### ***Assets to be acquired***

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, free from encumbrances, the entire interest in the Target Land and Properties which comprise a parcel of land and four buildings erected thereon. For further details on the Target Land and Properties, please refer to the section headed “The Acquisition – Information of Target Land and Properties” in this announcement.

### ***Consideration***

Pursuant to the Sale and Purchase Agreement, the Consideration is RMB57 million (equivalent to approximately HK\$68.4 million) which shall be funded by part of the proceeds from the Placing.

The Earnest Money of RMB5 million under the MOU shall be applied to the Consideration as Deposit in accordance with the payment terms of the Sale and Purchase Agreement stated below under the section headed “Payment Terms” in this announcement.

### ***Payment terms***

Pursuant to the Sale and Purchase Agreement, the Consideration of RMB57 million (which is inclusive of the Deposit) shall be payable by the Purchaser to the Vendor in the following manner:

- (a) *Deposit*: the Earnest Money in the amount of RMB5 million previously paid shall be applied as the Deposit upon signing of the Sale and Purchase Agreement;
- (b) *First payment*: RMB9.25 million shall be payable to the Vendor in cash after the approval of the Acquisition from the relevant government authorities (including but not limited to Industry and Information Technology Bureau) having been obtained and submission of the relevant transfer documentation;
- (c) *Second payment*: RMB14.25 million shall be payable to the Vendor in cash within 30 days after the completion of the transfer of title registration of the Target Land and Properties and the real-estate title certificates having been obtained;
- (d) *Third payment*: RMB27.5 million shall be payable to the Vendor in cash within 30 days after the Vacant Possession Delivery; and
- (e) *Final payment*: the balance (if any) of the retained assurance fund of RMB1 million, after deducting all outstanding fees and expenses relating to the Target Land and Properties, including but not limited to property management fees, cable TV, water, electricity, gas and telephone lines, as at the date of the Vacant Possession Delivery, shall be payable to the Vendor in cash within 90 days after the Vacant Possession Delivery.

### ***Basis of determination of the Consideration***

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser taking into account factors including (i) the valuation of the Target Land and Properties of RMB60 million which is included in the valuation report prepared by Vincorn Consulting and Appraisal Limited, an independent valuer for the Acquisition; and (ii) the reasons for and benefits of the Acquisition as set out under the section headed "The Acquisition – Reasons for and benefits of the Acquisition" in this announcement.

The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### ***Conditions to the registration of the Target Land and Properties***

The Vendor and the Purchaser agreed that the submission of the transfer of title registration of the Target Land and Properties is subject to the following conditions precedent:

- (a) the Shareholders having passed all necessary resolutions at the SGM to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder and the Placing Agreement and the Placing contemplated thereunder (including the grant of the Specific Mandate); and
- (b) the Placing Completion having taken place.

None of the aforesaid conditions precedent to the registration of the Target Land and Properties are waivable by either the Vendor or the Purchaser.

In the event that any condition stated above cannot be satisfied by 30 June 2021, each of the Vendor and the Purchaser shall be entitled to terminate the Sale and Purchase Agreement and the Vendor shall refund the amount equal to the aggregate payments which have already been made by the Purchaser (including the Deposit and all other payments) within 3 days after the notice from the Purchaser.

The application for the Acquisition to the relevant government authorities shall be made within 15 days upon the satisfaction of the conditions stated above and the submission of the application for transferring the title registration of the Target Land and Properties to Shenzhen Real Estate Registration Center shall be made within 15 days upon obtaining the approvals from Industry and Information Technology Bureau.

In the event that the transfer of title registration is not approved by the relevant government authorities, the Purchaser shall be entitled to nominate a designated purchaser for the Acquisition.

In the event that the completion of transferring title cannot take place within 180 days after the submission of the application to the government authorities, each of the Vendor and the Purchaser shall be entitled to terminate the Sale and Purchase Agreement and the Vendor shall refund the amount equal to the aggregate payments which have already been made by the Purchaser (including the Deposit and all other payments) within 3 days after the notice from the Purchaser. The Vendor shall be liable for breach of contract if the failure in transferring the title of the Target Land and Properties is due to reasons associated with the Vendor.

### ***Termination of the Acquisition and the compensation arrangements***

If the Purchaser fails to perform its obligations in accordance with the Sale and Purchase Agreement in a timely manner (including but not limited to any unreasonable delay of payment of the Consideration), the Purchaser shall pay the Vendor liquidated damages in an amount equivalent to 0.05% of the Consideration for each day of the delay. If the Purchaser has delayed payment of the Consideration for over 15 days, the Vendor shall be entitled to (a) terminate the Sale and Purchase Agreement and forfeit the Deposit; or (b) claim liquidated damages against the Purchaser in an amount equivalent to 20% of the Consideration, and the Vendor shall be entitled to claim any damages on losses incurred therefrom against the Purchaser.

In the event that the Vendor fails to perform its obligations in accordance with the Sale and Purchase Agreement in a timely manner (including but not limited to any late submission of relevant documents, transfer of title registration or Vacant Possession Delivery), the Vendor shall pay to the Purchaser liquidated damages in an amount equivalent to 0.05% of the Consideration for each day of the delay.

If the Vendor has delayed the performance of its obligations for over 15 days, the Purchaser shall be entitled to terminate the Sale and Purchase Agreement and claim twice the amount of the Deposit against the Vendor or claim liquidated damages in an amount equivalent to 20% of the Consideration against the Vendor. In addition, the Vendor shall also return the entire amount received from the Purchaser. Alternatively, the Purchaser shall also be entitled to continue to enforce the Sale and Purchase Agreement and claim liquidated damages in an amount equivalent to 20% of the Consideration against the Vendor. In any event, the Purchaser shall be entitled to claim damages on losses incurred therefrom against the Vendor.

In the event that the Vendor otherwise commits a breach of the Sale and Purchase Agreement, the Purchaser shall be entitled to either (a) continue to enforce the Sale and Purchase Agreement; or (b) terminate the Sale and Purchase Agreement, subject always that in any event the Purchaser shall be entitled to claim liquidated damages in an amount equivalent to 20% of the Consideration against the Vendor, together with any damages on losses incurred therefrom against the Vendor.

### **Information of Target Land and Properties**

The Target Land and Properties comprise the Land on which four buildings, including two workshops, an ancillary office and a dormitory, are erected.

The Land is located at the junction of Dongcun Road and Xingqiao Road, Longgang District, Shenzhen, Guangdong Province, the PRC (中國廣東省深圳市龍崗區東村路與興橋路交界) with a total site area of approximately 6,674.30 square metres. The Land is designated for industrial use with a use right for 50 years from 8 December 1992.

Set forth below is a table demonstrating the details of the four buildings which are erected on the Land:

| <b>Certificate No.</b>  | <b>Building</b>  | <b>GFA</b><br><i>(square metres)</i> |
|---|------------------|--------------------------------------|
| 1. Yue (2018) Shen Zhen Shi Bu Dong Chan<br>Quan Di No. 0123487 | Ancillary Office | 470.02                               |
| 2. Yue (2018) Shen Zhen Shi Bu Dong Chan<br>Quan Di No. 0123487 | Workshop Block 1 | 673.32                               |
| 3. Yue (2018) Shen Zhen Shi Bu Dong Chan<br>Quan Di No. 0123487 | Workshop Block 2 | 260.15                               |
| 4. Yue (2018) Shen Zhen Shi Bu Dong Chan<br>Quan Di No. 0123487 | Dormitory        | 973.88                               |
|   | <b>Total</b>     | <b>2,377.37</b>                      |

### **Information of the Group**

The Company is an investment holding company and the Group is principally engaged in (i) the planting, cultivation and sales of agricultural produce in the PRC market; and (ii) the Fruit Distribution Business.

### **Information of the Vendor**

The Vendor, being Mr. Gao, is an Independent Third Party.

### **Reasons for and benefits of the Acquisition**

The Fruit Distribution Business of the Group involves distribution of various types of premium fruits in the PRC by, among other things, sourcing from quality suppliers, with value-added services for processing and distributing to the customers. In addition to fruits grown in the PRC, with the relevant permit granted by the PRC authorities, the Group has expanded the product offering by importing premium fruits from overseas, e.g. durian from Malaysia.

The Fruit Distribution Business recorded a significant increase in revenue from approximately RMB17.3 million for the year ended 30 June 2019 to RMB401.4 million for the year ended 30 June 2020.

The Group currently provides a series of value-added services on processing fruits at the suppliers' farms, including grading, cleaning, waxing, packaging and labelling of the fruits with the Company's brand name "Royalstar 新雅奇" to the customers. As the Fruit Distribution Business of the Group is growing rapidly, the Directors consider it necessary for the Fruit Distribution Business to establish a comprehensive distribution centre in order to (a) process the fruits in a centralised manner; (b) offer stock management for various fruits to the customers under different humidity and/or temperature storage requirements; and (c) build up a distribution fleet for the trucks to distribute the fruits to the customers, which would



fundamentally enhance the efficiency on processing fruits to achieve economies of scale by increasing the handling capacity of each distribution and the storage capacity, taking into account the increasing trend in the sales volume under the Fruit Distribution Business in the foreseeable future.

The Acquisition represents an opportunity for the Group to establish a distribution centre to cater for such needs of the Fruit Distribution Business. As the Target Land and Properties comprise four well-established buildings with multi-functions including workshops, offices and dormitories which are likely to satisfy the operating requirements of the distribution centre, the Group would be able to save a substantial amount of costs in building the relevant facilities. Furthermore, given that the Target Land and Properties are located in Shenzhen, Guangdong which has the well-developed transportation networks in the PRC, the Directors believe that the fruits, after being processed at the new distribution centre, can be delivered to the customers in Southern China in an efficient and a cost-effective manner.

In view of the above, the Directors are of the view that the Acquisition is a commercially sensible business decision and an appropriate course of action to take for the long-term development of the Group. Taking into account the aforesaid factors, the Directors consider that the terms and conditions of the Acquisition contemplated under the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **THE PLACING UNDER THE SPECIFIC MANDATE**

### **Introduction**

On 19 January 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure not less than six Placees on a best effort basis to subscribe for up to a maximum of 1,250,000,000 Placing Shares at the Placing Price of HK\$0.08 per Placing Share.

### **The Placing Agreement**

The principal terms of the Placing Agreement are summarized as follows:

#### ***Date***

19 January 2021 (after trading hours)

#### ***Parties***

- (i) the Company (as the issuer); and
- (ii) the Placing Agent (as the placing agent)

(collectively, the “**Parties**” and each a “**Party**”)

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

## ***Placing Shares***

As at the date of this announcement, the Company has 1,249,637,884 Shares in issue. Assuming that (a) there will be no change in the number of issued Shares of the Company between the date of this announcement and the date of the Placing Completion; and (b) the maximum of 1,250,000,000 Placing Shares are successfully placed, the Placing Shares represent (i) approximately 100.03% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 50.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum of 1,250,000,000 Placing Shares will be HK\$12,500,000.

## ***Ranking of the Placing Shares***

The Placing Shares will rank, when issued and fully paid up, *pari passu* in all respects with all other Shares in issue on the Placing Completion Date.

## ***Placees***

The Placing Shares are expected to be placed to not less than six Placees who shall, together with their respective ultimate beneficial owners, be Independent Third Parties. The Placing Agent has undertaken to the Company that none of the Placees and their respective ultimate beneficial owners would, immediately upon the completion of the Placing, become a substantial shareholder of the Company.

## ***Placing Price***

The Placing Price of HK\$0.08 per Placing Share represents:

- (a) a discount of approximately 44.06% to the closing price of HK\$0.143 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 46.31% to the average closing price of approximately HK\$0.149 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 45.95% to the average closing price of approximately HK\$0.148 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 27.27% to the net asset value of approximately HK\$0.11 per Share as at 30 June 2020 (based on the consolidated net assets of the Group of approximately RMB129,732,000 as at 30 June 2020 (equivalent to approximately HK\$142,705,000 at the then exchange rate of RMB1 to HK\$1.10) and 1,249,637,884 Shares in issue as at 30 June 2020).

The net Placing Price, after deduction of placing fees, legal expenses and disbursements, and other expenses incidental to the Placing, amounted to approximately HK\$0.076 per Placing Share.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the prevailing market prices and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable based on the current market conditions and that the Placing is in the interests of the Company and the Shareholders as a whole.

During the past 12 months immediately preceding the date of this announcement, the Company had not undertaken any rights issue, open offer or specific mandate placing. The Placing under the Specific Mandate on its own would not result in a theoretical dilution effect (as defined in Rule 7.27B of the Listing Rules) of 25% or more up to the date of this announcement.

### ***Placing fees***

The Company shall pay to the Placing Agent a placing fee of 3% of the aggregate Placing Price of the Placing Shares actually placed and subscribed under the Placing Agreement.

### ***Placing conditions***

The Placing Completion is conditional upon the following conditions having been fulfilled or waived:

- (a) the Shareholders of the Company having passed all necessary resolutions at the SGM to approve, among others, (i) the entering into and performance of the obligations of the Company under the Placing Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate and such Specific Mandate remaining valid and subsisting) and (ii) the Increase in Authorised Share Capital of the Company to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares;
- (c) the representations, warranties and undertakings given by the Company under the Placing Agreement being true and accurate and not misleading as at the Placing Completion Date; and
- (d) the representations, warranties and undertakings given by the Placing Agent under the Placing Agreement being true and accurate and not misleading as at the Placing Completion Date.

The Placing Agent may in its absolute discretion waive either in whole or in part at any time by notice in writing to the Company the condition set out in paragraph (c) above.

The Company may in its absolute discretion waive either in whole or in part at any time by notice in writing to the Placing Agent the condition set out in paragraph (d) above.

Save for the above, none of the other conditions can be waived by any Parties.

In the event that any of the above conditions is not fulfilled or waived by 30 June 2021 (or such later date as may be agreed by the Parties), all rights, obligations and liabilities of the Parties under the Placing Agreement in relation to the Placing shall cease and determine and none of the Parties shall have any claim against any other Party in respect of the Placing save for any antecedent breaches or claims.

### ***Placing Completion***

The Placing Completion shall take place at 5:00 p.m. on the third Business Day (the “**Placing Completion Date**”) following the fulfilment (or waiver) of the placing conditions or such other date as may be agreed in writing between the Parties.

### ***Termination of the Placing***

The Placing Agent has the right to terminate the arrangements set out in the Placing Agreement by notice in writing at or prior to 8:00 a.m. on the Placing Completion Date (or such later date as may be agreed between the Parties), if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any force majeure events.

In addition, if, at or prior to 5:00 p.m. on the Placing Completion Date;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement in any material respect; or
- (b) there is any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement relating to the Placing Agreement or circulars relating to the Placing and/or the Sale and Purchase Agreement and the ancillary agreements thereto; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, in any material respects, if repeated and if the Placing Agent, in its reasonable opinion, determines that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing; or
- (d) there is any adverse change in the financial position of the Company since 30 June 2020 which is material in the context of the Placing;

after consultation with the Company, the Placing Agent shall be entitled, by notice in writing to the Company (which shall set out the grounds of termination with supporting evidence) prior to 5:00 p.m. on the Placing Completion Date, to elect to treat such matter or event as releasing and discharging it from its obligations under the Placing Agreement.

Upon giving of the notice pursuant to the above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no Parties shall have any claim against the other Party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breach of any obligation under the Placing Agreement or any surviving claims.

## **Reasons for and benefits of the Placing**

As disclosed in the section headed “The Acquisition – Reasons for and benefits of the Acquisition” in this announcement, the Directors consider it necessary for the Group to establish a comprehensive fruit distribution center to process the fruits in a centralized manner for the Fruit Distribution Business.

Based on the management accounts of the Group, the cash and cash equivalents of the Group amounted to approximately RMB13.69 million as at 31 December 2020, which is insufficient to pay the Consideration in full and finance the development plan as stated above. As such, the Directors are of the view that the Company has an imminent need to raise funds to cover the shortfall of the Consideration.

Prior to the entering into of the Placing Agreement, the Directors had considered other fundraising alternatives available to the Group, such as debt financing, rights issue and open offer. However, the Directors considered that debt financing is not an attractive option as compared with the Placing due to the following reasons: (a) the financial institutions would not accept farmland infrastructure and bearer plants as collateral for pledging; (b) the debt financing will result in additional interest burden and affect the financial performance of the Group; and (c) the Placing carries no payment obligation to the Group and at the same time is able to enlarge the Company’s capital base for its business development.

On the other hand, given that rights issue or open offer is usually more time-consuming and less cost effective than the Placing due to the involvement of the issue of listing documents and the other application and administrative procedures, the Directors consider that the issue of Placing Shares under Specific Mandate is a more desirable solution for the business development of the Group.

In view of the above, the Directors consider that the terms of the Placing Agreement and the Placing Price are fair and reasonable so far as the Company and the Shareholders are concerned.

Save for the above and as at the date of this announcement, the Company does not have any intention or plans to undertake any fundraising plans. However, the Directors will not rule out any fundraising activities they may consider when it is reasonably necessary for the Group to raise fund to meet its operational needs or for future development. The Directors will carefully consider the likely impact on the Shareholders before they will proceed on any fundraising exercises.

## **FUNDRAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

The Company did not carry out any fundraising activities during the past 12 months immediately preceding the date of this announcement.

## APPLICATION FOR LISTING

An application will be made to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

## CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company as a result of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately upon the Placing Completion) are set forth as follows:

|                                   | As at the date of this announcement |               | Immediately upon the Placing Completion (assuming all the Placing Shares are fully placed) |               |
|-----------------------------------|-------------------------------------|---------------|--|---------------|
|                                   | Number of Shares                    | %             | Number of Shares   | %             |
| Changjiang Tyling ( <i>Note</i> ) | 179,252,394                         | 14.34         | 179,252,394  | 7.17          |
| <b>Public Shareholders:</b>       |                                     |               |  |               |
| Places                            | –                                   | –             | 1,250,000,000  | 50.01         |
| Other public Shareholders         | 1,070,385,490                       | 85.66         | 1,070,385,490  | 42.82         |
|                                   | <u>1,249,637,884</u>                | <u>100.00</u> | <u>2,499,637,884</u>   | <u>100.00</u> |

*Note:* Changjiang Tyling is 50% owned by Mr. Ng Ong Nee (an executive Director, Chairman and Chief Executive Officer of the Company) and 50% owned by a third party independent to the Company and its connected persons. Mr. Ng Ong Nee (who is also a director of Changjiang Tyling) is deemed to be interested in the 179,252,394 Shares held by Changjiang Tyling by virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## USE OF PROCEEDS

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing would amount to HK\$100 million. The net proceeds, after deduction of all relevant expenses, including but not limited to placing fees, legal expenses and disbursements, and other expenses incidental to the Placing, would amount to approximately HK\$94.7 million.

The Company intends to apply the net proceeds from the Placing as to: (i) approximately HK\$68.4 million for the financing of the Consideration; (ii) approximately HK\$11.0 million for the refurbishment of the Target Land and Properties; and (iii) approximately HK\$15.3 million for the working capital of the Group for daily operations.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date of this announcement, the Company has an authorised share capital of HK\$20,000,000 divided into 2,000,000,000 Shares, of which 1,249,637,884 Shares have been issued. To facilitate the Placing and provide the Company with greater flexibility for future development, the Board proposes to increase the authorised share capital of the Company to HK\$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 3,000,000,000 new Shares. Such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares. The Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the SGM.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **The Acquisition**

As the highest percentage ratio in respect of the Acquisition under the Sale and Purchase Agreement exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

### **The Placing under the Specific Mandate**

The Company will seek the Shareholders' approval at the SGM for the grant of the Specific Mandate to allot and issue the Placing Shares. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Placing Shares on the Stock Exchange.

### **SGM**

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Increase in Authorized Share Capital; and (iv) the grant of the Specific Mandate for the allotment and issuance of the Placing Shares.

To the best of Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition or the Placing which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Sale and Purchase Agreement and the Placing Agreement and the transactions contemplated thereunder to be proposed at the SGM.

### **GENERAL**

A circular containing, among other things, further information relating to (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Increase in Authorised Share Capital; (iv) the Specific Mandate; and (v) the notice of the SGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 5 March 2021, which is more than 15 Business Days after the publication of this announcement as more time will be needed for the preparation of certain information to be included in the circular.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

|                               |  |
|-------------------------------|--|
| “Acquisition”                 | the acquisition of the Target Land and Properties by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement   |
| “Acquisition Completion”      | completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement   |
| “Board”                       | the board of Directors   |
| “Business Day”                | a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours   |
| “Changjiang Tyling”           | Changjiang Tyling Management Company Limited, a company 50% owned by Mr. Ng Ong Nee (an executive Director, Chairman and Chief Executive Officer of the Company) and 50% owned by a third party independent to the Company and its connected persons |
| “Company”                     | Asian Citrus Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 73)   |
| “connected person”            | has the meaning ascribed to it under the Listing Rules   |
| “Consideration”               | the aggregate consideration of RMB57,000,000 payable by the Purchaser in respect of the acquisition of the Target Land and Properties to the Vendor pursuant to the Sale and Purchase Agreement  |
| “Deposit”                     | the deposit of RMB5 million for the Acquisition pursuant to the Sale and Purchase Agreement  |
| “Director(s)”                 | director(s) of the Company   |
| “Earnest Money”               | an earnest money in an amount of RMB5 million paid by the Group to Mr. Gao on 28 October 2020 pursuant to the MOU  |
| “Fruit Distribution Business” | the business of distribution of various high-quality fruits in the PRC of the Group  |
| “Group”                       | the Company and its subsidiaries   |



|  |   |
|--|---|
| “HK\$”                                 | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                            | the Hong Kong Special Administrative Region of the PRC  |
| “Increase in Authorised Share Capital” | the proposed increase in the authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 Shares to HK\$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 3,000,000,000 new Shares  |
| “Independent Third Party(ies)”         | any person or company and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules |
| “Land”                                 | an industrial land located at the junction of Dongcun Road and Xingqiao Road, Longgang District, Shenzhen, Guangdong Province, the PRC, as detailed in the section headed “The Acquisition – Information of Target Land and Properties” in this announcement  |
| “Last Trading Day”                     | 19 January 2021, being the last trading day of the Shares on the Stock Exchange immediately prior to the entering into of the Placing Agreement   |
| “Listing Committee”                    | the listing sub-committee of the board of directors of the Stock Exchange   |
| “Listing Rules”                        | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “MOU”                                  | the non-legally binding memorandum of understanding in relation to the Acquisition entered into between Mr. Gao and Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司), a wholly owned subsidiary of the Company, on 21 October 2020   |
| “Placees”                              | any person or entity procured by the Placing Agent and/or its agent(s) under the Placing Agreement to subscribe for any of the Placing Shares   |
| “Placing”                              | the Placing of Placing Shares by the Placing Agent pursuant to the Placing Agreement  |

|                                     |   |
|-------------------------------------|---|
| “Placing Agent”                     | Cinda International Holdings Limited, a licensed corporation incorporated in Hong Kong to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “Placing Agreement”                 | the conditional placing agreement entered into between the Company and the Placing Agent dated 19 January 2021 in relation to the Placing under the Specific Mandate  |
| “Placing Completion”                | the completion of the Placing and the subscription of the Placing Shares in accordance with the terms and conditions of the Placing Agreement   |
| “Placing Completion Date”           | the date of the Placing Completion, as defined in the section headed “The Placing Agreement - Placing Completion” in this announcement  |
| “Placing Price”                     | HK\$0.08 per Placing Share  |
| “Placing Share(s)”                  | a maximum of 1,250,000,000 new Shares to be allotted and issued to the Placees by the Company through the Placing procured by the Placing Agent   |
| “PRC”                               | the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan   |
| “Purchaser” or “Shenzhen Guanjiali” | 深圳市冠佳利實業有限公司 (Shenzhen Guanjiali Industrial Limited*), a wholly owned subsidiary of the Company in the PRC  |
| “RMB”                               | Renminbi, the lawful currency of the PRC  |
| “Sale and Purchase Agreement”       | the sale and purchase agreement dated 19 January 2021 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Target Land and Properties   |
| “SGM”                               | the special general meeting of the Company to be convened for the purpose of approving, among other matters, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Increase in Authorised Share Capital; and (iv) the grant of the Specific Mandate for the allotment and issuance of the Placing Shares |
| “Share(s)”                          | ordinary share(s) of the Company  |

|                              |   |
|------------------------------|---|
| “Shareholder(s)”             | holder(s) of the share(s) of the Company  |
| “Specific Mandate”           | a specific mandate to allot, issue and otherwise deal in additional Shares to be sought from the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the SGM to satisfy the allotment and issue of the Placing Shares upon the Placing Completion |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited   |
| “Target Land and Properties” | an industrial land and various buildings erected thereon located at the junction of Dongcun Road and Xingqiao Road, Longgang District, Shenzhen, Guangdong Province, the PRC, as detailed in the section headed “The Acquisition – Information of Target Land and Properties” in this announcement          |
| “Vacant Possession Delivery” | the delivery of the Target Land and Properties on vacant possession basis by the Vendor to the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement   |
| “Vendor”                     | Mr. Gao Xiwu  |
| “%”                          | per cent  |

On behalf of the Board  
**Asian Citrus Holdings Limited**  
**Ng Ong Nee**  
*Chairman*

Hong Kong, 19 January 2021

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ong Nee (Chairman and Chief Executive Officer) and Mr. Ng Hoi Yue (Deputy Chief Executive Officer); a non-executive Director, namely Mr. He Xiaohong; and three independent non-executive Directors, namely Mr. Chung Koon Yan, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zhen Han.*

*For the purposes of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1 to HK\$1.20 for the purposes of illustration only. No representation is made that any amount converted from RMB into HK\$ could have been or could be converted at the above rate or at any other rates.*

\* *For identification purposes only*