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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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON RECORD DATE

Financial adviser to the Company



Underwriter to the Rights Issue



PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.035 per Rights Share, to raise up to approximately HK\$43.7 million (before expenses) by issuing up to 1,249,818,942 Rights Shares to the Qualifying Shareholders.

Qualifying Shareholders are entitled to apply for Rights Shares in excess of their respective entitlements under the Rights Issue.

The Company will provisionally allot to the Qualifying Shareholders one (1) Rights Shares in nil-paid form for every two (2) Shares in issue and held on the Record Date. The Rights Issue will not be available to the Excluded Shareholders.

Assuming full subscription under the Rights Issue, the net proceeds from the Rights Issue after deducting the expenses, which will be borne by the Company, are estimated to be not more than approximately HK\$42.4 million. Assuming the net proceeds from the Rights Issue will amount to approximately HK\$42.4 million, the Company intends to apply such net proceeds as to approximately (i) 70% (approximately HK\$29.7 million) of net proceeds for working capital for the expansion and development of the air-conditioner distribution and installation business; (ii) 20% (approximately HK\$8.5 million) of the net proceeds for financing any investment opportunities as may be identified from time to time; and (iii) the remaining 10% (approximately HK\$4.2 million) of net proceeds for the general working capital of the Group.

UNDERWRITING AGREEMENT

On 11 September 2023 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a best-effort basis, the Underwritten Shares up to 1,249,818,942 Rights Shares (assuming no other Shares are issued and no repurchase of Shares on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “THE UNDERWRITING AGREEMENT” in this announcement.

The Rights Issue is only underwritten on a best-effort basis. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the conditions of its level of acceptances, and up to 1,249,818,942 Rights Shares are available to be subscribed subject, however, to any scale-down vis-a-vis the MGO Obligation.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

The Company shall make an application to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) as soon as practicable after the execution of the Underwriting Agreement.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under the Listing Rules. The Rights Issue does not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 19 September 2023 to Monday, 25 September 2023 (both days inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfers of Shares will be registered.

GENERAL

The Prospectus Documents, containing further information regarding the Rights Issue are expected to be despatched to the Qualifying Shareholders on Tuesday, 26 September 2023. The Prospectus will be despatched to the Excluded Shareholders for information only. Shareholders and potential investors should exercise caution in dealing in the Shares.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, (i) the fulfillment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms; and (ii) the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Please refer to the section headed "Conditions of the Rights Issue" in this announcement. Accordingly, the Rights Issue will not proceed if any of the conditions of the Rights Issue is not satisfied.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form should consult their professional advisers.

The Shares are expected to be dealt in on an ex-rights basis from Friday, 15 September 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 28 September 2023 to Friday, 6 October 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Shares for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.035 per Rights Share, to raise up to approximately HK\$43.7 million (before expenses) by issuing up to 1,249,818,942 Rights Shares to the Qualifying Shareholders.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	: One (1) Rights Share for every two (2) Shares held by the Shareholders on the Record Date
Subscription Price	: HK\$0.035 per Rights Share
Number of Shares in issue as at the date of this announcement	: 2,499,637,884 Shares
Number of Rights Shares	: Up to 1,249,818,942 Rights Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
Number of Shares as enlarged by the allotment and issue of the Rights Shares	: Up to 1,249,818,942 Rights Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
Maximum funds to be raised before expenses	: Up to approximately HK\$43.7 million, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
Right of excess applications	: Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the date of this announcement, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

The Company shall not from the date of the Underwriting Agreement until after the Latest Time for Acceptance issue any Shares or issue or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire any Shares.

Assuming no changes in the share capital of the Company on or before the Record Date, 1,249,818,942 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) approximately 50% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Rights Issue is only underwritten on a best-effort basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the conditions of its level of acceptances, and up to 1,249,818,942 Rights Shares are available to be subscribed subject, however, to any scale-down vis-a-vis the MGO Obligation.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Subscription Price

The Subscription Price of HK\$0.035 per Rights Share is payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 33.96% to the closing price of HK\$0.053 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 33.96% to the average of the closing prices of approximately HK\$0.053 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 35.19% to the average of the closing prices of approximately HK\$0.054 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 38.60% to the average of the closing prices of approximately HK\$0.057 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 25.53% to the theoretical ex-rights price of approximately HK\$0.047 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.053 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 11.32% to the theoretical diluted price of approximately HK\$0.047 per Share based on the benchmarked price of approximately HK\$0.053 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.053 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.053 per Share).

The Subscription Price and the subscription basis (i.e. one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders) was determined by the Company with reference to, among others, (i) the market price of the Shares under the prevailing market conditions, (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed “Reasons for and benefits of the proposed Rights Issue and use of proceeds” in this announcement.

The Board considers that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group and the terms of the Rights Issue to be fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.034.

Qualifying Shareholders and Excluded Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Excluded Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only but will not send any PAL or EAF to them.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder.

Shareholders having an address outside Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will not qualify for the Rights Issue if the Board, after making relevant enquiries, considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order for transferees to be registered as a member of the Company by the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong at by 4:30 p.m. on Monday, 18 September 2023. The last day for dealing in the Shares on a cum-rights basis is Thursday, 14 September 2023.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing a PAL and lodging the same with a cheque or a banker's cashier order sum payable for the Rights Shares being applied for with the Registrar on or before the Acceptance Date.

Rights of Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account of such offer being unlawful or impracticable due to either the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. Based on the latest Shareholders information available from the Registrar, the Company had 928 Overseas Shareholders as at 31 August 2023 with registered addresses located in England and Wales, Scotland, Northern Ireland, Ireland, Jersey, Guernsey, Isle of Man, Gibraltar, the PRC, Australia, Malaysia, Costa Rica, Romania, Belgium, Switzerland, United Arab Emirates, Portugal, Barbados, Cayman Islands and Canada.

The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only but will not send any PAL or EAF to them.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) (a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

Closure of Register of Members

For the purpose of determining entitlements to the Rights Issue, the register of members of the Company will be closed from Tuesday, 19 September 2023 to Monday, 25 September 2023, both days inclusive. No transfer of Shares will be registered during this period.

Status of Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Fractional Entitlements to the Rights Shares

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

Application for excess Rights Shares

The Company shall make the excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the excess Rights Shares represent:

- (i) any nil-paid Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) subject to the provisions of the Underwriting Agreement, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold;
- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares; and
- (iv) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

The Directors will, upon consultation with the Underwriter, allocate any excess Rights Shares (if any) at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any substantial shareholders of the Company or their associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) whose name appears on the register of members of the Company (the “**Registered Nominee**”) as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

Investors whose Shares are held by a Registered Nominee and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for completion of the relevant registration by 4:30 p.m. on the Last Day for Transfer. The register of members of the Company will be closed from Tuesday, 19 September 2023 to Monday, 25 September 2023, both dates inclusive.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited on or before the Latest Time for Acceptance.

Mr. Kung Chak Ming, the single largest shareholder of the Company (who is interested in 419,298,000 Shares, representing approximately 16.77% of the total issued Shares), has confirmed that he intends to take up his provisional allotment of Rights Shares and apply for excess Rights Shares if there is an undersubscription of the Rights Issue. Pursuant to Rule 7.21(3)(b), assuming (i) there is no change in the number of issued Shares on or before the Record Date; and (ii) Mr. Kung Chak Ming had taken up in full the Rights Shares allotted to him under his assured entitlement to the Rights Shares, the maximum number of excess Rights Shares that Mr. Kung Chak Ming may apply for would be 1,249,818,942 Rights Shares, which may be subject to the Scaling Down of the Rights Issue to avoid the triggering of MGO Obligation as further detailed below.

Share Certificates and Refund Cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on or before Thursday, 19 October 2023. Each Shareholder will receive one share certificate for all allotted Rights Shares, expect HKSCC Nominees Limited. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants by ordinary post at their own risk on or before Thursday, 19 October 2023.

Scale-down of subscriptions to avoid the triggering of MGO Obligation

Without prejudice to the generality of the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriter on a best-effort basis, to avoid the unwitting triggering of MGO Obligations, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, or by subscribers procured by the Underwriter will be made on the basis that the applications are to be scaled-down by the Company to a level which does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under the PAL(s) or the EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled down before PAL(s); and (b) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for the avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as the Shares, i.e. 1,000 Shares in one board lot. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of each of the following conditions:

- (a) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, not later than one Business Day prior to the Posting Date, each of the Prospectus Documents is duly certified in compliance with section 342C of the Companies (WUMP) Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus with the Overseas Letter to the Non-Qualifying Shareholder(s), if any, and for information purposes only, on or before the Posting Date;
- (c) the Listing Committee granting and not having revoked, the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and such listings and permission to deal not having been withdrawn or revoked; and

- (d) the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

None of the conditions above can be waived. If any of the conditions referred to above are not fulfilled at or before 4:00 p.m. on 12 October 2023 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed.

THE UNDERWRITING AGREEMENT

On 11 September 2023 (after trading hours of the Stock Exchange), the Company and the Underwriter entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue. Details of the Underwriting Agreement are as follows:

The Underwriting Agreement

- Date : 11 September 2023 (after trading hours)
- Underwriter : Cinda International Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities. As at the date hereof, it is independent of and not connected with the Company or its connected persons.
- Number of Rights Shares underwritten by the Underwriter : up to 1,249,818,942 Rights Shares underwritten by the Underwriter on a best-effort basis pursuant to the terms and conditions of the Underwriting Agreement
- Underwriting Commission and fee : The Company shall pay to the Underwriter (i) a fixed fee of HK\$50,000; and (ii) underwriting commission equal to 2.5% of the aggregate Subscription Price in respect of such number of the Rights Shares actually procured by the Underwriter for subscription pursuant to the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter shall ensure that (i) each of the subscribers of the Untaken Shares procured by it shall be an Independent Third Party; (ii) none of the subscribers, together with any party acting in concert with it, will hold 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company; and (iii) the public float requirement under the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.

The terms of the Underwriting Agreement (including the underwriting commission and fee) were determined after arm's length negotiation between the Underwriter and the Company with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms. The Directors consider that the terms of the Underwriting Agreement are fair and reasonable.

Subject to the fulfilment of all the conditions precedent contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe for or procure the subscription, on a best-effort basis, on the terms of the Prospectus Documents (insofar as the same are applicable) for such Untaken Shares.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) under the following two scenarios arising from different acceptance ratios of the Rights Issue (for illustrative purpose only), assuming there is no change in the number of Shares in issue since the date of this announcement:

- (a) assuming full acceptance by the Qualifying Shareholders and there is no Excluded Shareholders (“**Scenario I**”); and
- (b) assuming nil acceptance by the Qualifying Shareholders of the Rights Shares and all the Untaken Shares are taken up by the Underwriter and its subscribers procured by the Underwriter (“**Scenario II**”).

	Immediately after completion of the Rights Issue					
	As at the date of this announcement		Scenario I		Scenario II	
	No of Shares	Approximate %	No of Shares	Approximate %	No of Shares	Approximate %
Controlling Shareholder						
Mr. Kung Chak Ming	419,298,000	16.77%	628,947,000	16.77%	419,298,000	11.18%
Mr. Xu Guodian	276,243,000	11.05%	414,364,500	11.05%	276,243,000	7.37%
Mr. Liu Peng	221,981,000	8.88%	332,971,500	8.88%	221,981,000	5.92%
Changjiang Tyling (<i>Note 1</i>)	179,252,394	7.17%	268,878,591	7.17%	179,252,394	4.78%
Other public Shareholders	1,402,863,490	56.12%	2,104,295,235	56.12%	1,402,863,490	37.42%
The Underwriter and/or its subscriber(s) procure by it	—	—	—	—	1,249,818,942	33.33%
TOTAL	2,499,637,884	100.00%	3,749,456,826	100.00%	3,749,456,826	100.00%

Notes:

1. Changjiang Tyling is 50% owned by Mr. Ng Ong Nee (who is the Chairman, an Executive Director and the 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 179,252,394 shares held by Changjiang Tyling by virtue of the SFO.
2. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscription for the Untaken Shares, the Underwriter shall confirm with the Company the actual number of Untaken Shares as at the Latest Time for Acceptance, and shall procure for subscription therefor on the best-effort basis whilst using its best endeavours to ensure that (1) each of the subscribers of the Untaken Shares procured by the Underwriter shall be an Independent Third Party of and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; (2) the public float requirement under the Listing Rules be complied with by the Company upon completion of the Rights Issue; and (3) the Underwriter or each subscriber procured by the Underwriter (together with parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 30% or more of the voting rights of the Company immediately after the Rights Issue.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	Year 2023
Last day of dealings in the Shares on a cum-rights basis	Thursday, 14 September 2023
Commencement of dealings in the Shares on an ex-rights basis	Friday, 15 September 2023
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Monday, 18 September 2023
Register of members closes for determining entitlements under the Rights Issue	Tuesday, 19 September 2023 to Monday, 25 September 2023 (both days inclusive)
Record Date for determining entitlements under the Rights Issue	Monday, 25 September 2023
Register of members re-opens	Tuesday, 26 September 2023

Event	Year 2023
Despatch of (i) Prospectus Documents to Qualifying Shareholders; and (ii) the Prospectus with the Overseas Letter to Non-Qualifying Shareholders (if any)	Tuesday, 26 September 2023
First day of dealings in nil-paid Rights Shares	Thursday, 28 September 2023
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 3 October 2023
Last day of dealings in nil-paid Rights Shares	Friday, 6 October 2023
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares	4:30 p.m. on Wednesday, 11 October 2023
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Thursday, 12 October 2023
Announcement of results of the Rights Issue, the application for excess Rights Shares to be published in the respective websites of the Stock Exchange and the Company on or before	Wednesday, 18 October 2023
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Thursday, 19 October 2023
Certificates for the Rights Shares expected to be despatched on or before	Thursday, 19 October 2023
Dealings in fully-paid Rights Shares commence	Friday, 20 October 2023

Note: All times and dates in this announcement refer to Hong Kong times and dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to Shareholders and the Stock Exchange appropriately.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons issued by the Hong Kong Observatory:

- (1) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the currently scheduled date for the Final Acceptance Date, the dates mentioned in “Expected Timetable” in this announcement may be affected. The Company will notify the Shareholders by way of announcement of any change to the expected timetable as soon as practicable in this regard.

REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

As at the date of this announcement, 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; (ii) the distribution of various high quality fruits in the PRC; and (iii) the distribution and installation of air-conditioners in the PRC.

Reference is made to the interim report of the Company for the six months ended 30 June 2023 and the circular of the Company dated 15 March 2023. The Company achieved preliminary success for its air-conditioners distribution and installation business with its business presence established in Meizhou, which contributed a substantial part of the total revenue for the Group in 2023.

As the Group expand its air-conditioners distribution and installation business in the PRC, the Group continued to receive purchase orders from customers. In addition, the Group is exploring to expand its scope of services to provide air-conditioners installation services for construction projects to capture additional market share. As such, the Group considers to increase its working capital for the air-conditioners distribution and installation business to meet with the funding needs for its expansion.

Assuming full subscriptions of the Rights Issue, the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$42.4 million (assuming no change in the number of Shares in issue on or before the Record Date).

The Company intends to apply the net proceeds from the Rights Issue as to:

- (i) approximately 70% of the net proceeds (representing approximately HK\$29.7 million assuming full subscriptions) for working capital for the expansion and development of the air-conditioner distribution and installation business as detailed above;
- (ii) approximately 20% of the net proceeds (representing approximately HK\$8.5 million assuming full subscriptions) for financing any investment opportunities as may be identified from time to time; and
- (iii) the remaining balance of approximately 10% of the net proceeds (representing approximately HK\$4.2 million assuming full subscriptions) for general working capital purposes.

Taking into account of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement are fair and reasonable and on normal commercial terms and the Rights Issue is in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund-raising activities involving issue of its securities in the past 12 months immediately preceding the date of this announcement.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

IMPLICATIONS UNDER THE LISTING RULES

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under the Listing Rules. The Rights Issue does not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Listing Rules.

GENERAL

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Tuesday, 26 September 2023 and the Prospectus with the Overseas Letter will be despatched to the Non-Qualifying Shareholder(s) (if any) for information only.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, (i) the fulfillment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms; and (ii) the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Accordingly, the Rights Issue will not proceed if any of the conditions of the Rights Issue is not satisfied.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form should consult their professional advisers.

The Shares are expected to be dealt in on an ex-rights basis from Friday, 15 September 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 28 September 2023 to Friday, 6 October 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 (as amended) of Bermuda, as amended from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time

“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)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue
“Excluded Shareholders”	those Overseas Shareholders whose address is/are in such place(s) outside Hong Kong where the Directors, based on the enquiry made pursuant to the Underwriting Agreement consider it necessary or expedient on account of either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude them from the Rights Issue and to whom the Directors decide not to offer any of the Rights Shares
“Final Acceptance Date”	the last date for acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares, which is currently scheduled to be on Wednesday, 11 October 2023 or such later date as determined by the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Closing Price”	the closing price of HK\$0.053 per Share as quoted on the Stock Exchange on the Last Trading Day
“Last Day for Transfer”	18 September 2023, being the last date for lodging transfer of Shares prior to the closure of register of members of the Company
“Last Trading Day”	11 September 2023, being the last full trading day for the Shares before the release of this announcement
“Latest Time for Acceptance”	a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places, consider it necessary or expedient to exclude them from the Rights Issue (if any)
“Overseas Letter”	the letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders (if any) are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Posting Date”	Tuesday, 26 September 2023 or such other date as the Company determines for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus with Overseas Letter for information only to the Non-Qualifying Shareholders (if any), as the case may be
“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
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	collectively, the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date
“Record Date”	25 September 2023, or on such other date as the Company may determine, being the date of reference to which the Shareholders’ entitlements to the Rights Issue are to be determine

“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the issue of 1,249,818,942 Rights Shares at the Subscription Price on the basis of one (1) Rights Shares for every two (2) existing Shares held on the Record Date payable in full on acceptance
“Rights Share(s)”	up to 1,249,818,942 new Share(s) to be allotted and issued in respect of the Rights Issue
“Scale-down EAF Share(s)”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant
“Scale-down PAL Share(s)”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of the nil-paid Rights shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.035 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Underwriter”	Cinda International Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities

“Underwriting Agreement”	the underwriting agreement dated 11 September 2023 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	up to 1,249,818,942 Rights Shares underwritten by the Underwriter on best-effort basis pursuant to the terms and conditions of the Underwriting Agreement
“Untaken Share(s)”	the number of unsubscribed Rights Share(s) not taken up by the Qualifying Shareholder(s) or renouncee(s) or transferee(s) of the nil-paid Rights under PAL(s)
“%”	per cent

By Order of the Board
Asian Citrus Holdings Limited
Ng Ong Nee
Chairman

Hong Kong, 11 September 2023

As at the date of this announcement, the Board comprises an executive Director, namely Mr. Ng Ong Nee (Chairman and Chief Executive Officer); a non-executive Director, namely Mr. James Francis Bittl; and four independent non-executive Directors, namely Mr. Liu Ruiqiang, Mr. Lai Zheng, Mr. Wang Tianshi and Ms. Liu Jie.

* *For identification purposes only*