

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ASIAN CITRUS HOLDINGS LIMITED

亞洲果業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 73)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE COMPANY

FORMATION OF JV COMPANY

On 24 November 2023 (after trading hours of the Stock Exchange), Cheer Kind, a wholly-owned subsidiary of the Company, entered into the JV Agreement with the JV Partner, pursuant to which the parties agreed to establish the JV Company.

Pursuant to the JV Agreement, Cheer Kind and the JV Partner shall contribute their respective portion of the registered capital of the JV Company, in cash, namely RMB10,010,000 (equivalent to approximately HK\$11,011,000) by Cheer Kind and RMB4,290,000 (equivalent to approximately HK\$4,719,000) by the JV Partner, within six months of the JV Company's establishment.

Pursuant to the terms of the JV Agreement, the Board expects the JV Company to become an indirectly non-wholly owned subsidiary of the Company upon the registered capital having been fully paid by the respective parties and the financial results and position of the JV Company will be consolidated into the consolidated financial statements of the Group thereafter.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) in respect of the JV Agreement exceeds 5% but less than 25%, the entering into of the JV Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 24 November 2023 (after trading hours of the Stock Exchange), Cheer Kind, a wholly-owned subsidiary of the Company, entered into the JV Agreement with the JV Partner, pursuant to which the parties agreed to establish the JV Company.

THE JV AGREEMENT

Date

24 November 2023 (after trading hours of the Stock Exchange)

Parties

- (i) Cheer Kind, a wholly-owned subsidiary of the Company; and
- (ii) Shenzhen Xili Technology Co., Ltd.* (深圳熙黎科技有限公司), the JV Partner.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, at the date of this announcement, the JV Partner and its ultimate beneficial owners (namely Mr. Chen Xingjun (陳行俊) and Ms. Chen Qiuxia (陳秋霞)) are third parties independent of the Company and its connected persons.

Business scope of the JV Company

The JV Company will engage in the used cars intermediary and trading business in the PRC.

Capital contribution

Pursuant to the JV Agreement, Cheer Kind and the JV Partner shall contribute their respective portion of the registered capital of the JV Company, in cash, namely RMB10,010,000 (equivalent to approximately HK\$11,011,000) by Cheer Kind and RMB4,290,000 (equivalent to approximately HK\$4,719,000) by the JV Partner, within six months of the JV Company's establishment.

Upon the registered capital of the JV Company has been fully paid up, the JV Company shall be owned as to 70% by Cheer Kind and 30% by the JV Partner.

The Group intends to finance its investment in the JV Company from its internal resources.

Pursuant to the terms of the JV Agreement, the Board expects the JV Company to become an indirectly non-wholly owned subsidiary of the Company upon the registered capital having been fully paid by the respective parties and the financial results and position of the JV Company will be consolidated into the consolidated financial statements of the Group thereafter.

Management structure

The JV Company shall set up a board of shareholders consisting of all of its shareholders. The board of shareholders shall conduct at least one meeting each year. The board of shareholders shall be the highest authority body of the JV Company, and its powers and responsibilities shall be governed by the articles of association of the JV Company.

The JV Company shall have one executive director, of whom is nominated by Cheer Kind. The powers and responsibilities of the executive director shall be governed by the articles of association of the JV Company. Legal representative of the JV Company shall also be nominated by Cheer Kind.

The JV Company shall have one general manager, who shall be appointed by the executive director of the JV Company. The powers and responsibilities of the general manager shall be governed by the articles of association of the JV Company.

The JV Partner shall be responsible for the JV Company's business operations, and shall report to Cheer Kind on business update.

Distribution of profit

Cheer Kind and JV Partner will share the profit and loss of the JV Company in accordance to their respective paid-up registered capital in the JV Company.

Liabilities for default

If any party fails to make the capital contribution in time and in full pursuant to the JV Agreement, the defaulting party shall pay 2% of its payable and unpaid amount to the JV Company for each month so long as such amount remained outstanding, as the liquidated damages.

In the event that the JV Agreement is unable to come in force, in part or in full, due to the default of any party of the JV Agreement, the defaulting party shall be liable for the actual losses of the JV Company, and the non-defaulting shareholder has the right to request the defaulting party to depart from the JV Company.

Shareholder(s) shall not conduct illegal activities in the name of the JV Company. However, if such event materialises, the subject shareholder shall bear the resultant legal liabilities and all losses suffered.

INFORMATION ON THE COMPANY AND THE JV PARTNER

The principal business activities of the Group include (i) the planting, cultivation and sales of agricultural produce in the PRC market; (ii) the distribution of fruits in the PRC; and (iii) the distribution and installation of air conditioners in the PRC.

Cheer Kind is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in general commercial activities.

The JV Partner is a company incorporated in the PRC with limited liability and is principally engaged in sales and agency business of the sales of used cars. The JV Partner is beneficially owned as to 99% and 1% by Mr. Chen Xingjun (陳行俊) (“**Mr. Chen**”) and Ms. Chen Qiuxia (陳秋霞) (“**Ms. Chen**”), respectively. Mr. Chen has more than 10 years of experience in the automotive industry. In recent years, Mr. Chen has focused on the used car industry, including the sale of high-end luxury used cars in the PRC. Ms. Chen is a sister of Mr. Chen.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Group strives to diversify its business portfolio and expand its market presence in the PRC. The formation of the JV Company will assist the Group to tap into the sizeable used cars market in the PRC, which will present the Group with favourable long-term growth prospects. The Board believes that the experience and expertise of Mr. Chen in the used car industry in the PRC will contribute towards the Group’s expansion into the used cars intermediary business segment in the PRC. The Board is of the view that the establishment of JV Company will broaden the income base of the Group over time and enhance growth for the Company and the Shareholders in the long run.

The terms of the JV Agreement were negotiated after arm’s length negotiations. The Directors are of the view that the terms of the JV Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) in respect of the JV Agreement exceeds 5% but less than 25%, the entering into of the JV Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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
“Cheer Kind”	Cheer Kind Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules)
“JV Agreement”	the joint venture agreement dated 24 November 2023 entered into between Cheer Kind and the JV Partner in relation to the formation of the JV Company
“JV Company”	the joint venture company to be established under the laws of the PRC with limited liability pursuant to the terms of the JV Agreement
“JV Partner”	Shenzhen Xili Technology Co., Ltd.* (深圳熙黎科技有限公司), a company incorporated in the PRC with limited liability, is an Independent Third Party to the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan, for the purpose of this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

This announcement contains translation between RMB and Hong Kong dollar amounts at RMB1.00 = HK\$1.10, being the exchange rate prevailing on 24 November 2023. The translation should not be taken as a representation that the RMB could actually be converted into Hong Kong dollars at that rate or at all.

By order of the Board
Asian Citrus Holdings Limited
Li Ziyang
Executive Director

Hong Kong, 24 November 2023

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

* *For identification purpose only*