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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 CAPITAL REORGANISATION

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The Board proposes the Capital Reorganisation to be implemented in the following manner:

- (i) the Share Consolidation whereby every two hundred (200) issued and unissued Existing Shares of par value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK\$2.00 each;
- (ii) immediately following the Share Consolidation becoming effective, the Capital Reduction whereby the issued share capital of the Company will be reduced from an amount of HK\$29,801,058.59 by an amount of HK\$29,652,053.30 to an amount of HK\$149,005.29 such that the par value of each issued Consolidated Share be reduced from HK\$2.00 to HK\$0.01 by (a) an elimination of any fraction of a Consolidated Share arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (b) a cancellation of HK\$1.99 of the paid-up capital of the Company on each issued Consolidated Share so that each issued Consolidated Share will be treated as one (1) fully paid-up share of par value HK\$0.01 each in the share capital of the Company;
- (iii) immediately following the Share Consolidation becoming effective, the Sub-division, whereby each authorised but unissued Consolidated Shares (including the authorized unissued Consolidated Shares arising from the Capital Reduction) be subdivided into two hundreds (200) authorised but unissued New Shares of par value HK\$0.01 each so that immediately following the Capital Reorganisation, the authorised share capital of the Company shall remain HK\$50,000,000 divided into 5,000,000,000 New Shares;

- (iv) immediately following the Capital Reduction and Sub-division becoming effective, the Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and
- (v) upon the Capital Reorganisation becoming effective, the credits arising from the Capital Reduction and the Share Premium Reduction of HK\$29,652,053.30 will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act to then be applied to set off the Accumulated Losses of the Company or be applied by the Board in a manner as permitted by the Bye-Laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders.

Each of the New Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other in accordance with the Bye-Laws.

The Capital Reorganisation is conditional upon fulfillment of the conditions as set out under the section headed “Conditions of the Capital Reorganisation” in this announcement.

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, details of the Capital Reorganisation, together with a notice convening the SGM and the related proxy form will be despatched to the Shareholders on or before Wednesday, 27 December 2023.

PROPOSED CAPITAL REORGANISATION

As at the date of this announcement, the authorised share capital of the Company is HK\$50,000,000 divided into 5,000,000,000 Shares of a par value of HK\$0.01 each, of which 2,980,105,859 Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reorganisation to be implemented in the following manner:

- (i) the Share Consolidation whereby every two hundred (200) issued and unissued Existing Shares of par value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK\$2.00 each;
- (ii) immediately following the Share Consolidation becoming effective, the Capital Reduction whereby the issued share capital of the Company will be reduced from an amount of HK\$29,801,058.59 by an amount of HK\$29,652,053.30 to an amount of HK\$149,005.29 such that the par value of each issued Consolidated Share be reduced from HK\$2.00 to HK\$0.01 by (a) an elimination of any fraction of a Consolidated Share arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (b) a cancellation of HK\$1.99 of the paid-up capital of the Company on each issued Consolidated Share so that each issued Consolidated Share will be treated as one (1) fully paid-up share of par value HK\$0.01 each in the share capital of the Company;

- (iii) immediately following the Share Consolidation becoming effective, the Sub-division, whereby each authorised but unissued Consolidated Shares (including the authorized unissued Consolidated Shares arising from the Capital Reduction) be subdivided into two hundreds (200) authorised but unissued New Shares of par value HK\$0.01 each so that immediately following the Capital Reorganisation, the authorised share capital of the Company shall remain HK\$50,000,000 divided into 5,000,000,000 New Shares;
- (iv) immediately following the Capital Reduction and Sub-division becoming effective, the Share Premium Reduction, whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and
- (v) upon the Capital Reorganisation becoming effective, the credits arising from the Capital Reduction and the Share Premium Reduction of HK\$29,652,053.30 will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act to then be applied to set off the Accumulated Losses of the Company or be applied by the Board in a manner as permitted by the Bye-Laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders.

Each of the New Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other in accordance with the Bye-Laws.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on the following conditions being fulfilled:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation;
- (ii) the Listing Committee granting the approval for listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective;
- (iii) the compliance with the relevant procedures and requirements under the Companies Act and applicable laws of Bermuda to effect the Capital Reorganisation, which includes the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due;
- (iv) the compliance with the relevant procedures and requirements under the Bye-Laws, the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Fractional entitlement to New Shares

Fractional New Shares arising from the Capital Reorganisation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold for the benefits of the Company.

The Shareholders concerned about losing out on any fractional entitlement are recommended to consult their professional advisers and may wish to consider the possibility of buying or selling the Existing Shares in a number sufficient to make up an entitlement to receive a whole number of the New Shares.

Arrangement on odd lot trading and matching services

In order to facilitate the trading of odd lots (if any) of the New Shares, the Company will appoint an agent to provide matching services, on a best-effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot trading arrangement will be stated in the circular to be despatched to the Shareholders which shall also contain, among others, details of the Capital Reorganisation.

Shareholders should note that matching of the sale and purchase of odd lots of New Shares is not guaranteed. Shareholders, who are in any doubt about the odd lot arrangement, are recommended to consult their own professional advisers.

Effects of the Capital Reorganisation

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reorganisation becoming effective, the share capital structure of the Company immediately after the Capital Reorganisation becoming effective will be as follows:

	As at the date of this announcement	Immediately after the Share Consolidation becoming effective but prior to the Capital Reduction, the Sub-division and the Share Premium Reduction becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.01 per Existing Share	HK\$2.00 per Consolidated Share	HK\$0.01 per New Share
Amount of the authorised share capital	HK\$50,000,000	HK\$50,000,000	HK\$50,000,000
Number of authorised Shares	5,000,000,000	25,000,000	5,000,000,000
	Existing Shares	Consolidated Shares	New Shares
Amount of the issued share capital	HK\$29,801,058.59	HK\$29,801,058.59	HK\$149,005.29
Number of issued shares	2,980,105,859	14,900,529.295	14,900,529
	Existing Shares	Consolidated Shares	New Shares

As at the date of this announcement, 2,980,105,859 Shares have been issued and are fully paid or credited as fully paid. Immediately upon the Capital Reduction and the Share Premium Reduction becoming effective and assuming there will be no change in the issued share capital of the Company from the date of this announcement up to and including the effective date of the Capital Reorganisation, the authorised share capital of the Company will be HK\$50,000,000 divided into 5,000,000,000 New Shares of par value of HK\$0.01 each, of which 14,900,529 New Shares would have been issued as fully paid or credited as fully paid. The New Shares will rank *pari passu* in all respects with each other.

Exchange of new share certificates for the New Shares

Subject to the Capital Reorganisation becoming effective, Shareholders may submit the share certificates for the Existing Shares (in green colour) to the Share Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong to exchange, at the expense of the Company, for new share certificates of the New Shares (in blue colour).

The Company will publish further announcement(s) to update the Shareholders on the details of such free exchange of share certificates and the effective date of the Capital Reorganisation, and the period when the Shareholders can submit share certificates for the Existing Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated as and when appropriate.

After 4:10 p.m. on Wednesday, 28 February 2024, trading will only be in New Shares which share certificates will be issued in blue colour. Existing share certificates in green colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

Application for listing of the New Shares

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

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the New Shares on the Stock Exchange or such other date 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. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

At the time the Capital Reorganisation becomes effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Board lot size

The Existing Shares are currently traded on the Stock Exchange in the board lot size of 1,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Shares will remain as 1,000 New Shares.

Based on the closing price of HK\$0.026 per Existing Share (equivalent to the theoretical closing price of HK\$5.2 per New Share) as quoted on the Stock Exchange as at the date of this announcement, the market value of each board lot of the Existing Shares is HK\$26 and the theoretical market value of each board lot of the New Shares, assuming the Capital Reorganisation had become effective, would be HK\$5,200.

REASONS FOR AND EFFECTS OF THE CAPITAL REORGANISATION

Pursuant to Rule 13.64 of the Listing Rules and with reference to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 and updated on 1 October 2020, (i) where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities; and (ii) the expected value per board lot should be greater than HK\$2,000. On this basis, the Board considers that it is appropriate to undertake the Capital Reorganisation.

Based on the annual report of the Company for the year ended 30 June 2023, the Company recorded accumulated losses of approximately RMB3,662.1 million as at 30 June 2023. The Board intends to transfer all the credits arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act upon the Capital Reduction and the Share Premium Reduction becoming effective, to then be applied in full to set off the Accumulated Losses of the Company.

The Board is of the opinion that the proposed Capital Reorganisation will enable the Company to offset part of its Accumulated Losses, provide the Company with greater flexibility to undertake any corporate exercise which requires the use of contributed surplus account in the future, subject to the Company’s then performance and when the Board considers that it is appropriate to do so in the future.

The Capital Reorganisation will reduce the par value of the Consolidation Shares from HK\$2.00 to HK\$0.01 each, which shall further enhance the Company’s flexibility to issue new shares in the future given under the laws of Bermuda, a company may not issue shares at a discount to the par value of its shares. It is important for Shareholders to note that, as at the date of this announcement, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue new shares, even if the Capital Reorganisation takes effect.

As such, the Directors are of the view that the Capital Reorganisation is in the interests of the Company and its Shareholders as a whole.

Save for applying the credit arising from the Capital Reduction and the Share Premium Reduction towards offsetting the Accumulated Losses and the expenses to be incurred in relation to the Capital Reorganisation, the Directors consider that the Capital Reorganisation will have no material effect on the underlying assets, business operations, financial position of the Company as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation, and the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reorganisation. The expected timetable is subject to the results of the SGM and satisfaction of the conditions to the Capital Reorganisation and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Event	Time and Date
Despatch date of circular with notice of the SGM	Wednesday, 27 December 2023
Latest date and time for lodging transfers of the Existing Shares for attending and voting at the SGM	4:30 p.m. on Monday, 15 January 2024
Closure of register of members for the entitlements to attend and vote at the SGM	Tuesday, 16 January 2024 to Friday, 19 January 2024 (both days inclusive)
Latest time for lodging forms of proxy for the SGM.....	10:30 a.m. on Wednesday, 17 January 2024
Date and time of the SGM	10:30 a.m. on Friday, 19 January 2024
Publication of the announcement of poll results of the SGM.....	Friday, 19 January 2024

The following events are conditional on the fulfilment of the conditions for their implementation of the Capital Reorganisation and therefore the dates are tentative only:

Event	Time and Date
Expected effective date of the Capital Reorganisation	Tuesday, 23 January 2024
First day of free exchange of existing share certificates for new share certificates for the New Shares.....	Tuesday, 23 January 2024
Dealing in the New Shares commences	9:00 a.m. on Tuesday, 23 January 2024
Original counter for trading in the Existing Shares in board lot of 1,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 23 January 2024
Temporary counter for trading in the New Shares in board lot of 5 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 23 January 2024
Original counter for trading in the New Shares in board lot of 1,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Tuesday, 6 February 2024
Parallel trading in the New Shares (in the form of new share certificates in board lot of 1,000 New Shares and existing share certificates in board lot of 5 New Shares) commences	9:00 a.m. on Tuesday, 6 February 2024
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of New Shares	9:00 a.m. on Tuesday, 6 February 2024
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of New Shares.....	4:00 p.m. on Wednesday, 28 February 2024
Temporary counter for trading in board lot of 5 New Shares (in the form of existing share certificates) closes.....	4:10 p.m. on Wednesday, 28 February 2024

Event**Time and Date**

Parallel trading in the New Shares (in the form of new share certificates in board lot of 1,000 New Shares and existing share certificates in board lot of 5 New Shares) ends 4:10 p.m. on Wednesday, 28 February 2024

Latest date and time for free exchange of existing share certificates for new share certificates for the New Shares 4:30 p.m. on Friday, 1 March 2024

GENERAL

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, details of the Capital Reorganisation, together with a notice convening the SGM and the related proxy form will be despatched to the Shareholders on or before Wednesday, 27 December 2023.

WARNING

Shareholders should take note that the Capital Reorganisation is conditional upon satisfaction of the respective conditions set out above. Therefore, the Capital Reorganisation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“Accumulated Losses”	the accumulated losses of the Company as at the effective date of the Capital Reorganisation
“Board”	the board of Directors
“business day”	any day on which the Stock Exchange generally is open for business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal or “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or black rainstorm warning or other similar event, such day shall for the purposes of this announcement be counted as a business day

“Bye-Laws”	the bye-laws of the Company for the time being adopted by the Company and as amended from time to time
“Capital Reduction”	the reduction of the issued share capital of the Company by (a) eliminating any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number; and (b) cancelling the paid-up share capital of the Company to the extent of HK\$1.99 per issued Consolidated Share such that the nominal value of each issued Consolidated Share be reduced from HK\$2.00 to HK\$0.01
“Capital Reorganisation”	the proposed share capital reorganisation, including the Share Consolidation, the Capital Reduction, the Sub-division and the Share Premium Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies Act”	the Companies Act 1981 of Bermuda, 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)
“Consolidated Share(s)”	ordinary share(s) of HK\$2.00 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company prior to the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the same meaning ascribed thereto under 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
“New Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reorganisation becoming effective
“RMB”	Renminbi yuan, the lawful currency of the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every two hundred (200) issued and unissued Shares with a par value of HK\$0.01 each into one (1) Consolidated Share with a par value of HK\$2.00
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the Share Premium Account of the Company to nil
“Share Registrar”	the share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, the address of which is Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the New Share(s), as the content may require
“Shareholder(s)”	registered holder(s) of the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sub-division” the sub-division of each authorised but unissued Consolidated Share of par value of HK\$2.00 each into two hundred (200) New Shares of par value of HK\$0.01 each

“%” per cent.

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

Hong Kong, 14 December 2023

As at the date of this announcement, the Board comprises one executive Director, namely Ms. Li Ziyang (Chairman); 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*