

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 14 February 2024 (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 RMB10,200,000 (equivalent to approximately HK\$11,220,000) by Cheer Kind and RMB9,800,000 (equivalent to approximately HK\$10,780,000) by the JV Partner, within 24 months after the establishment of the JV Company, or an extended time as may be agreed between the Parties.

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 establishment of the JV Company 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 14 February 2024 (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

The principal terms of the JV Agreement are set out below:

Date

14 February 2024 (after trading hours of the Stock Exchange)

Parties

- (i) Cheer Kind, a wholly-owned subsidiary of the Company; and
- (ii) Hangzhou Leshu Digital Technology Co., Ltd.* (杭州樂書數字科技有限公司), the JV Partner.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the JV Partner and its ultimate beneficial owner (namely Ms. Guan Ping (關平)) is a third party independent of the Company and its connected persons.

Purpose of the JV Company

The business scope of the JV Company shall cover the provision of supply chain finance technology solution in the PRC.

Capital contribution

Pursuant to the JV Agreement, total registered share capital of the JV Company to be paid up shall be RMB20,000,000, of which each of Cheer Kind and the JV Partner shall contribute RMB10,200,000 (equivalent to approximately HK\$11,220,000) and RMB9,800,000 (equivalent to approximately HK\$10,780,000) in accordance to their respective portion of the registered capital of the JV Company. The JV Company will be owned as to (i) 51% by Cheer Kind; and (ii) 49% by the JV Partner, upon its establishment.

The Parties shall make their respective capital contribution in cash within 24 months after the establishment of the JV Company, or an extended time as may be agreed between the Parties.

The Group intends to finance its portion of the capital contribution in the JV Company from its internal resources.

Voting rights in the JV Board and the distribution of profit and loss of the JV Company shall be in proportion to respective paid-in registered capital of the Parties.

In case that any Party transfers the whole or part of its committed equity, such transfer can only be made upon unanimous consent of the other Party. Any Parties shall not use whole or part of its committed registered share capital for external guarantees unless unanimous consent of the JV Board had been obtained.

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 establishment of the JV Company and the financial results and position of the JV Company will be consolidated into the consolidated financial statements of the Group thereafter.

Responsibilities and rights of the Parties

Cheer Kind shall be responsible for (i) contributing the registered share capital as mentioned the paragraph headed “Capital contribution” above, and assisting the arrangement of fund raising; and (ii) the management of the bank accounts under the name of the JV Company.

The JV Partner shall be responsible for (i) contributing the registered share capital as mentioned the paragraph headed “Capital contribution” above, assisting the arrangement of fund raising; (ii) the JV Company’s overall management, market development, marketing network, product promotion and sales, operation and development of business system, and shall report to Cheer Kind on business update; and (iii) assisting the establishment and improvement of JV Company’s financial and administration system.

Management structure

The JV Company shall set up the board of shareholders consisting of all JV Shareholders. The board of shareholders shall be the highest authority of the JV Company, which shall exercise the functions and powers (i) on certain administrative reporting matters with the approval of more than 50% of the voting rights held by all JV Shareholders; and (ii) on certain corporate action and amendment to the article of association of the JV Company, reviewing and approval of the annual financial budgets and final accounts of the JV Company, and change the composition and number of member of the JV Board with the approval of more than two-third of the voting rights held by all JV Shareholders.

The JV Board shall be formed on the same date of the registration of the JV Company.

The JV Board shall comprise of three directors, two of whom are to be nominated by Cheer Kind (one of whom will be the chairman of the JV Company), and the remaining one of whom is to be nominated by the JV Partner.

The JV Company will not have a supervisory committee. The JV Company shall have one supervisor to be nominated by Cheer Kind and the JV Partner jointly. Legal representative of the JV Company shall be nominated by Cheer Kind and the JV Partner jointly.

General manager of the JV Company shall be nominated by the JV Partner and appointed by the JV Board with the approval of more than 50% of the directors of the JV Board.

To ensure the smooth operation and development of the JV Company, the JV Company shall set up a system of co-management and entrusted management in a compliance manner.

Term of the JV Company

The period of operation of the JV Company is set to be long term from the date of issue of its business licence.

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 the provision of, inter alia, information technology consulting services, technology services, development and consultation. The JV Partner is beneficially owned as to 100% by Ms. Guan Ping (關平) (“**Ms. Guan**”). Ms. Guan has extensive experience in the information technology industry.

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 JV Company shall offer supply chain finance technology solution in the PRC, which will present the Group with long-term growth prospects and will assist the Group to tap into the technology solution industry in the PRC. The Board believes that the experience, business networks and expertise of Ms. Guan in the information technology industry in the PRC will contribute towards the Group’s expansion in this business area 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, or its wholly-owned subsidiary
“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 14 February 2024 entered into between Cheer Kind and the JV Partner in relation to the formation of the JV Company
“JV Board”	the board of directors 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”	Hangzhou Leshu Digital Technology Co., Ltd.* (杭州樂書數字科技有限公司), a company incorporated in the PRC with limited liability, is an Independent Third Party to the Company
“JV Shareholder(s)”	the shareholders(s) of the JV Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“Party(ies)”	the party(ies) to the JV Agreement, being Cheer Kind and the JV Partner
“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

In this announcement, for illustration purposes only and unless otherwise stated, all amounts denominated in RMB have been translated into HK\$ using the exchange rate of RMB1.00:HK\$1.10. Such translations shall not be construed as a representation that any amount in RMB can be or could have been converted into HK\$ at the above rate or at all.

By Order of the Board
Asian Citrus Holdings Limited
Li Ziyang
Chairman

Hong Kong, 14 February 2024

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