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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)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE COMPANY

THE AGREEMENTS

On 7 June 2024 (after trading hours of the Stock Exchange), Jiu Yuan Wan Jiang, an indirectly non-wholly owned subsidiary of the Company, entered into the Agreements with the JV Partner, pursuant to which the Parties agreed to establish the JV Company and develop its businesses.

Pursuant to the Capital Contribution Agreement, total registered share capital of the JV Company to be paid up shall be RMB6,000,000 (equivalent to approximately HK\$6,600,000), of which each of Jiu Yuan Wan Jiang and the JV Partner shall contribute RMB3,060,000 (equivalent to approximately HK\$3,366,000) and RMB2,940,000 (equivalent to approximately HK\$3,234,000) 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 Jiu Yuan Wan Jiang; and (ii) 49% by the JV Partner, upon its establishment. The amount of capital contribution was determined after arm's length negotiations between the parties with reference to the initial capital requirement of the JV Company.

Pursuant to the terms of the Capital Contribution 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 Capital Contribution Agreement exceeds 5% but less than 25%, the entering into of the Capital Contribution 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.

In the event that the transactions under the Strategic Cooperation Agreements constitute non-exempted transactions under Chapter 14 of the Listing Rules, the Company shall comply with the relevant requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 7 June 2024 (after trading hours of the Stock Exchange), Jiu Yuan Wan Jiang, an indirectly non-wholly owned subsidiary of the Company, entered into the Agreements with the JV Partner, pursuant to which the Parties agreed to establish the JV Company and develop its businesses.

THE AGREEMENTS

The principal terms of the Agreements are set out below:

Date

7 June 2024 (after trading hours of the Stock Exchange)

Parties

- (i) Jiu Yuan Wan Jiang, a non-wholly owned subsidiary of the Company; and
- (ii) Hubei Qi Ai Technology Group Limited* (湖北蕪艾科技集團有限公司), 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, each of the JV Partner and its ultimate beneficial owners is a Independent Third Party to the Company.

Purpose of the JV Company

The business scope of the JV Company shall include, inter alia, manufacturing and production, and sales and distribution of goods as well as the provision of technology related services.

Capital contribution

Pursuant to the Capital Contribution Agreement, total registered share capital of the JV Company to be paid up shall be RMB6,000,000 (equivalent to approximately HK\$6,600,000), of which each of Jiu Yuan Wan Jiang and the JV Partner shall contribute RMB3,060,000 (equivalent to approximately HK\$3,366,000) and RMB2,940,000 (equivalent to approximately HK\$3,234,000) 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 Jiu Yuan Wan Jiang; and (ii) 49% by the JV Partner, upon its establishment. The amount of capital contribution was determined after arm's length negotiations between the parties with reference to the initial capital requirement of the JV Company.

The parties to the Capital Contribution Agreement shall make their respective capital contribution in cash within 15 business days (excluding Saturdays, Sundays and statutory holidays in the PRC) after the completion of the industrial and commercial registration filing for the establishment of the JV Company.

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

Pursuant to the terms of the Capital Contribution 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.

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 consider and approve as it sees fit, ordinary and/or special, resolution(s) in relation to the following matters, among others, (i) determine the overall operational strategy; (ii) make significant financial decisions of the JV Company, including deployment of assets and investment decisions; (iii) approve fund raising of the JV Company; and (iv) determine corporate actions and make amendment to the article of association of the JV Company, review and approve of the annual financial budgets, and change the composition of member of the JV Board as well as the directors' remuneration.

The JV Board shall comprise of five directors, three of whom are to be nominated by Jiu Yuan Wan Jiang, and the remaining two of whom are to be nominated by the JV Partner. The appointment of the initial chairman of the JV Board will subject to the approval of the board of shareholders of the JV Company, whom will be a representative nominated by Jiu Yuan Wan Jiang, and thereafter the subsequent chairman of the JV Board will subject to approval of the board of shareholders of the JV Company. Legal representative of the JV Company shall be the chairman of the JV Company.

The JV Company will not have a supervisory committee. The JV Company shall have one supervisor, the initial supervisor shall be nominated by Jiu Yuan Wan Jiang, and thereafter the subsequent supervisors shall subject to approval of the board of shareholders of the JV Company. Directors and members of senior management of the JV Company shall not serve concurrently as the supervisor of the JV Company.

A senior management team shall be set up for the day-to-day management and operations of the JV Company.

Other terms of the Agreements

The distribution of profit of the JV Company shall be made in accordance with the article of association of the JV Company.

The Strategic Cooperation Agreement sets out the intention and possible collaborations in relation to the development of the JV Company's business between, where relevant, the JV Company, the JV Partner and/or Jiu Yuan Wan Jiang.

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.

Jiu Yuan Wan Jiang is an indirectly non-wholly owned subsidiary of the Company incorporated in the PRC with limited liability.

The JV Partner is a company incorporated in the PRC with limited liability and is principally engaged in, inter alia, manufacturing and production, and sales and distribution of goods as well as the provision of technology related services in the PRC. The JV Partner is beneficially owned as to approximately 40.0%, 30.0%, 15.0% and 15.0% by Mr. Wu Mingxing* (吳明星), Mr. Wang Zhen* (王振), Qi Xin Cultural Broadcast and Qi Chun Wei Ai, respectively, each being an Independent Third Party to the Company.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Group has continued to diversify its business portfolio and expand its market presence in the PRC with a view to broaden its income base.

The establishment of the JV Company, which shall be a non-wholly owned subsidiary of the Group upon its establishment, will be principally engaged in, inter alia, the manufacturing and production, and sales and distribution of goods as well as the provision of technology related services in the PRC. The Board believes such would allow the Group to extend its existing products and service offerings. Furthermore, the Board is of the view that, through the establishment of the JV Company, the Group will benefit from possible future cooperation with the JV Partner and the Group will also be able to leverage of the JV Partner's expertise and network in the expansion of the Group and the JV Company's businesses as a whole.

The terms of the Capital Contribution Agreement were negotiated after arm's length negotiations. The Directors are of the view that the terms of the Capital Contribution 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 Capital Contribution Agreement exceeds 5% but less than 25%, the entering into of the Capital Contribution 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.

In the event that the transaction(s) under the Strategic Cooperation Agreements constitute transaction(s) under Chapter 14 of the Listing Rules, the Company will make further announcement(s) and shall comply with the relevant requirements under the Listing Rules as and when appropriate.

DEFINITIONS

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

“Agreements”	the Capital Contribution Agreement and the Strategic Cooperation Agreement
“Board”	the board of Directors
“Capital Contribution Agreement”	the shareholder capital contribution agreement dated 7 June 2024 entered into between Jiu Yuan Wan Jiang and the JV Partner in relation to the formation of the JV 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)

“Jiu Yuan Wan Jiang”	Shenzhen City Jiu Yuan Wan Jiang Huitu Technology Limited* (深圳市玖源萬江匯圖科技有限公司), incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of the 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 Capital Contribution Agreement
“JV Partner”	Hubei Qi Ai Technology Group Limited* (湖北蕪艾科技集團有限公司), a company incorporated in the PRC with limited liability, owned as to approximately 40.0%, 30.0%, 15.0% and 15.0% by Mr. Wu Mingxing* (吳明星), Mr. Wang Zhen* (王振), Qi Xin Cultural Broadcast and Qi Chun Wei Ai, respectively, each being 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 Agreements, being Jiu Yuan Wan Jiang 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
“Qi Chun Wei Ai”	Qi Chun Wei Ai Technology Limited* (蕪春唯艾科技有限 公司), a company incorporated in the PRC with limited liability, which is owned as to 60% by Mr. Wang Fujun* (王福軍) and 40% by Mr. Chang Jiwang* (常吉旺), respectively, each being an Independent Third Party to the Company

“Qi Xin Cultural Broadcast”	LiaoCheng City Qi Xin Cultural Broadcast Limited* (聊城市栖心文化傳播有限公司), a company incorporated in the PRC with limited liability, which is indirectly owned as to 60.5% by Mr. Zhang Tianxing* (張天星), 30% by Mr. Yang Peijie* (楊培杰) and 9.5% by Mr. Zhang Guangyue* (張廣躍), each being an Independent Third Party to the Company, respectively
“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
“Strategic Cooperation Agreement”	strategic cooperation framework agreement dated 7 June 2024 entered into between Jiu Yuan Wan Jiang and the JV Partner in relation to the intention and possible collaborations between, where relevant, the JV Company, the JV Partner and/or Jiu Yuan Wan Jiang
“%”	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, 7 June 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 purposes only*