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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)

CONNECTED TRANSACTION LOAN AGREEMENT

BACKGROUND

On 6 April 2022, the Lender (an indirect wholly-owned subsidiary of the Company) entered into the Loan Agreement with the Borrower pursuant to which, the Lender agreed to provide a loan to the Borrower in the principal amount of RMB7,000,000 (equivalent to approximately HK\$8,610,000) for a term of one year commencing from 7 April 2022.

LISTING RULES IMPLICATION

As at the date of this announcement, the Borrower is a company indirectly wholly-owned by Mr. Kung, who is a substantial Shareholder holding approximately 16.77% of the shareholding interest of the Company. Accordingly, the Borrower is an associate of Mr. Kung and hence a connected person of the Company under Rule 14A.07 and the transaction contemplated under the Loan Agreement constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As the highest percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Loan Agreement exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transaction contemplated under the Loan Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE LOAN AGREEMENT

On 6 April 2022, the Lender and the Borrower entered into the Loan Agreement. The principal terms of the Loan Agreement are set out below.

Date:	6 April 2022
Parties:	(1) the Lender, an indirect wholly-owned subsidiary of the Company (2) the Borrower, an associate of a substantial Shareholder and hence a connected person of the Company
Principal:	RMB7,000,000 (equivalent to approximately HK\$8,610,000)
Term:	One year, commencing from 7 April 2022 to 6 April 2023 (the “ Maturity Date ”)
Interest rate:	6% per annum
Repayment:	The principal amount of the Loan together with the accrued interest thereon shall be repaid in full on the Maturity Date
Security:	Secured by the personal guarantee by Mr. Kung

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The terms and conditions of the Loan Agreement, including the interest rate, are negotiated on an arm’s length basis between the Lender and the Borrower, taken into account the prevailing market interest rates and practices. In light of (a) the Loan will be funded by the Group’s idle funds; and (b) revenue will be generated from the expected interest income in connection with the Loan, the Directors (including the independent non-executive Directors) consider the Loan Agreement is on normal commercial terms which are fair and reasonable, and the transaction thereunder is in the interests of the Company and the Shareholders as a whole.

The Loan Agreement was approved by the Board. As Mr. James Francis Bittl is the brother-in-law of Mr. Kung, he has abstained from voting on the Board resolutions to approve the Loan Agreement. Save and except Mr. James Francis Bittl, none of the Directors has any material interest in the transaction contemplated under the Loan Agreement or is required to abstain from voting on the Board resolutions for considering and approving the same.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, the Borrower is a company indirectly wholly-owned by Mr. Kung, who is a substantial Shareholder holding approximately 16.77% of the shareholding interest of the Company. Accordingly, the Borrower is an associate of Mr. Kung and hence a connected person of the Company under Rule 14A.07 and the transaction contemplated under the Loan Agreement constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As the highest percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Loan Agreement exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transaction contemplated under the Loan Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

The Borrower is a limited liability company established in the PRC on 28 February 2018 and is indirectly wholly-owned by Mr. Kung. The Borrower is principally engaged in business management consulting and educational information consulting.

The Group is principally engaged in plantation and fruit distribution business. The Lender is an indirect wholly-owned subsidiary of the Company principally engaged in, inter alia, plantation, cultivation and sale of agricultural produce.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Shenzhen Hengyu Qiyang Education Co., Ltd.* (深圳市恒裕啟揚教育有限公司), a company indirectly wholly-owned by Mr. Kung
“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”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	Guangxi Hepu Guanhua Agriculture Limited* (廣西合浦冠華農業有限公司), an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement entered into between the Borrower and the Lender on 6 April 2022

“Loan”	the loan in the principal amount of RMB7,000,000 (equivalent to approximately HK\$8,610,000) to be granted by the Lender to the Borrower pursuant to the Loan Agreement
“Mr. Kung”	Mr. Kung Chak Ming, a substantial Shareholder
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of RMB1 to HK\$1.23. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

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

Hong Kong, 6 April 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ong Nee (Chairman and Chief Executive Officer) and Mr. Ng Hoi Yue (Deputy Chief Executive Officer); two non-executive Directors, namely Mr. James Francis Bittl and Mr. He Xiaohong; and three independent non-executive Directors, namely Mr. Liu Ruiqiang, Mr. Lai Zheng and Mr. Wang Tianshi.

* *For identification purposes only*