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If you are in any doubt as to any aspect about this circular or as to what action is to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asian Citrus Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF SUBSIDIARIES AND NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to the Company



Capitalized terms used in the lower portion of this cover page shall have the same respective meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 21 of this circular.

A notice convening the SGM to be held at United Conference Centre, Level 10, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 9 May 2019 at 9:00 a.m. is set out on pages 72 and 74 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. If you are a Shareholder and are not able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM, or to Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom by 5:00 p.m. (UK time) on Monday, 6 May 2019 or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

“Agriculture Company”	Guangxi Hepu Guanhua Agriculture Co., Ltd.* (廣西合浦冠華農業有限公司)
“Allegations”	has the meaning ascribed to it in the announcement of the Company dated 27 January 2017
“Assumed Debt”	all the indebtedness owing by the Vendor to the Target Company as at Completion, which is unsecured and interest free
“Announcement”	the announcement of the Company dated 21 January 2019 in relation to, among other things, the Sale and Purchase Agreement and the Disposal
“Beihai Perfuming Garden”	Beihai Perfuming Garden Juice Co., Ltd.* (北海市果香園果汁有限公司), a company incorporated in the PRC with limited liability and a non-wholly-owned subsidiary of the Target Company
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“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)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB5.0 million payable by the Purchaser in respect of the disposal of the Sale Shares by the Vendor pursuant to the Sale and Purchase Agreement
“Deconsolidation”	deconsolidation of the PRC Subsidiaries since 1 July 2015 due to the Target Company’s inability to access the financial, legal and administration records of the PRC Subsidiaries for the years ended 30 June 2016, 2017 and 2018

DEFINITIONS

“Director(s)”	director(s) of the Company
“Disposal”	the conditional disposal of the Sale Shares by the Vendor to the Purchaser and the conditional transfer and novation of the Assumed Debt by the Vendor and assumption by the Purchaser pursuant to the Sale and Purchase Agreement
“Disposal Group” or “Target Group”	the Target Company and its subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	any person or company and its ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	12 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2019, or such later time or date as may be agreed between the Vendor and the Purchaser in writing
“Lucky Team Hepu”	Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司)
“MOU”	the memorandum of understanding in relation to the Disposal entered into between the Vendor and the Purchaser on 7 December 2017
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Subsidiaries”	members of the Target Group which are incorporated in the PRC, including but not limited to Beihai Perfuming Garden and Tianyang Perfuming Garden
“Purchaser”	Mr. Zhou Jianjun, a PRC citizen

DEFINITIONS

“Remaining Group”	the Group other than the Disposal Group
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 January 2019 entered into between the Vendor and the Purchaser relating to the sale and purchase of the Sale Shares and the transfer, novation and assumption of the Assumed Debt thereunder and under the deed of debt transfer among the Vendor, the Purchaser and the Target Company
“Sale Shares”	10,000 ordinary shares of HK\$0.1 each in the capital of the Target Company, representing all the issued share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of approving, among other matters, the Sale and Purchase Agreement and the Disposal contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Target Company”	BPG Food & Beverage Holdings Ltd., a company incorporated in the Cayman Islands with limited liability
“Tianyang Perfuming Garden”	Tianyang Perfuming Garden Food Industrial Co., Ltd.* (田陽果香園食品工業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Target Company
“UK”	the United Kingdom
“Vendor”	A-One Success Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

* For identification purposes only

LETTER FROM THE BOARD



ASIAN CITRUS HOLDINGS LIMITED
亞洲果業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 73)

Executive directors:

Mr. Ng Ong Nee (*Chairman and Chief Executive Officer*)

Mr. Ng Hoi Yue (*Deputy Chief Executive Officer*)

Non-Executive Director

Mr. He Xiaohong

Independent non-executive directors:

Mr. Chung Koon Yan

Dr. Lui Ming Wah, PhD, SBS, JP

Mr. Yang Zhen Han

Registered Office:

Clarendon House

2 Church Street

Hamilton

Bermuda HM11

Principal place of business in Hong Kong:

1/F., Ching Cheong Industrial Building

1-7 Kwai Cheong Road, Kwai Chung

New Territories, Hong Kong

17 April 2019

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
DISPOSAL OF SUBSIDIARIES**

INTRODUCTION

Reference is made to the Announcement in relation to the Sale and Purchase Agreement and the Disposal.

On 21 January 2019 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares at the aggregate consideration of RMB5.0 million (equivalent to approximately HK\$5.8 million) subject to the terms of the Sale and Purchase Agreement. In addition, pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to transfer and novate to the Purchaser, and the Purchaser conditionally agreed to assume, the Assumed Debt, subject to the terms of the Sale and Purchase Agreement.

* *For identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement and the Disposal; (ii) the financial information of the Group and the Disposal Group; (iii) the unaudited pro forma financial information of the Remaining Group following Completion; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

21 January 2019

Parties

- (i) Vendor : A-One Success Limited, a wholly-owned subsidiary of the Company
- (ii) Purchaser : Mr. Zhou Jianjun (“**Mr. Zhou**”)

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares and the Vendor conditionally agreed to transfer and novate, and the Purchaser conditionally agreed to assume, the Assumed Debt.

The Sale Shares represent 100% of the issued share capital of the Target Company.

The Assumed Debt represents the dollar-for-dollar value of the debt owing by the Vendor to the Target Company as at Completion. As at the Latest Practicable Date, the Assumed Debt amounted to approximately RMB278.8 million (equivalent to approximately HK\$325.5 million).

Consideration

The consideration for the Sale Shares, pursuant to the Sale and Purchase Agreement, is RMB5.0 million (equivalent to approximately HK\$5.8 million). No further consideration shall be required to be paid by the Vendor to the Purchaser for the transfer to and the assumption of the Assumed Debt by the Purchaser. Pursuant to the MOU, an earnest money at the amount of RMB5.0 million has been paid by the Purchaser to the Vendor (“**Earnest Money**”). Pursuant to the Sale and Purchase Agreement, the parties agreed that an amount equal to the Earnest Money will be applied to the Consideration at Completion, whereupon, the payment obligations of the Consideration at Completion shall be deemed to have been discharged at Completion.

LETTER FROM THE BOARD

If the Purchaser fails to complete the purchase of the Sale Shares and the transfer and assumption of the Assumed Debt from the Vendor in accordance with the Sale and Purchase Agreement due to its own fault, the Earnest Money shall be forfeited to the Vendor.

In the event that Completion does not take place on the Completion Date for any reason through no fault of the Purchaser, the Consideration (without interest) shall be refunded in full by the Vendor to the Purchaser.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the following factors:

- (i) the loss-making performance of the Target Group for the year ended 30 June 2015 (prior to the Deconsolidation) attributable to the increase in the cost of fruit raw materials as a result of the extreme climate conditions;
- (ii) no revenue having been contributed by the Target Group since the Deconsolidation, as the accounts of the PRC Subsidiaries were no longer consolidated into that of the Group's and other members of the Target Group being investment holding companies;
- (iii) the Group's inability to access the complete books and records of the PRC Subsidiaries rendering the Target Group distressed assets of the Group and thus making it extremely difficult for the Group to identify and secure potential buyers;
- (iv) pursuant to the Sale and Purchase Agreement, the Purchaser's assumption of the Assumed Debt owing by the Vendor to the Target Company, being, as at the Latest Practicable Date, approximately RMB278.8 million (equivalent to approximately HK\$325.5 million); and
- (v) the liabilities of the Target Group, based on the unaudited consolidated financial statements of the Group, including the Target Group except for the PRC Subsidiaries as at 31 December 2018, being approximately RMB571.7 million (equivalent to approximately HK\$651.0 million). Upon Completion, the financial position of the Group will be substantially improved by the same extent of the above as the Remaining Group will cease to have obligation to repay such liabilities, details of which are stated in the section headed "Reasons for and Benefits of the Disposal" in the "Letter from the Board" in this circular.

Having considered that (i) it is unlikely that the Group could resume control over the Target Group, which has been considered as distressed assets, within a short period of time; (ii) the Group has difficulty in identifying potential buyers for the Target Group; (iii) the Disposal would protect the Company against any harm to its businesses and reputation by disassociating litigations in relation to the Target Group from the Group; and (iv) the net liabilities position is expected to turn around to a net assets position for the Group after the Disposal, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Conditions Precedent

Completion is conditional upon the following conditions being satisfied (or waived, where applicable) on or before the Completion Date:

- (i) the Sale and Purchase Agreement and the Disposal contemplated thereunder have been approved by the Shareholders (other than those who are required by the Listing Rules to abstain from voting on the relevant resolution(s)) in compliance with the Listing Rules; and
- (ii) the Purchaser is satisfied, from the date of the Sale and Purchase Agreement and at any time before Completion, that the warranties remain true, accurate and not misleading in material respects.

The Purchaser may at its absolute discretion at any time waive the condition precedent in paragraph (ii) above in writing. In the event that the Vendor fails to fulfill the aforesaid conditions precedent, the Vendor shall return the full amount of the Earnest Money to the Purchaser (excluding any interest). If any of the above conditions precedent has not been fulfilled (or waived, where applicable) on or before the Long Stop Date, the Sale and Purchase Agreement shall lapse immediately thereafter and be of no further effect.

Completion

Completion shall take place within 10 Business Days after all conditions precedent have been fulfilled (or waived, where applicable).

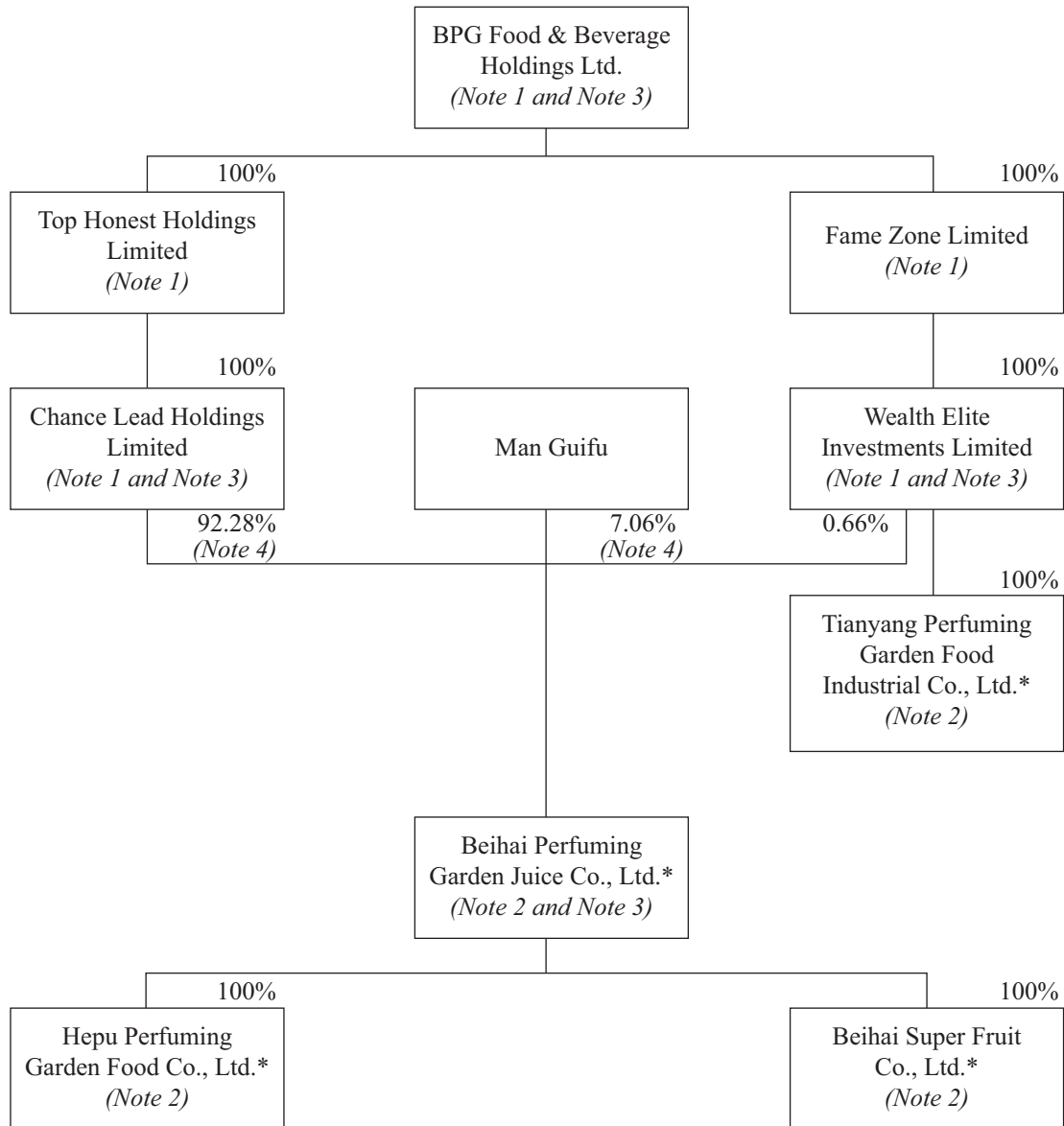
Upon Completion taking place, the Company shall cease to hold (directly or indirectly) any interest in all members of the Target Group, and therefore, all the members of the Target Group will cease to be subsidiaries of the Group.

INFORMATION OF THE TARGET GROUP

The Target Group was principally engaged in the manufacture and sale of fruit juice concentrates, fruit purees, frozen fruit, and vegetables. To the best knowledge of the Company and with reference to the audited consolidated financial statements of the Group, including the Target Group except for the PRC Subsidiaries, as stated in the Company's annual report for the year ended 30 June 2018, the major assets held by the Target Group as at 30 June 2018 included the amount due from the Vendor to the Target Company and cash and cash equivalents; and the major liabilities of the Target Group as at 30 June 2018 were the amount due to Beihai Perfuming Garden and Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司), the deconsolidated subsidiaries of the Target Company. Such subsidiaries have been deconsolidated from the Target Company since the Deconsolidation.

LETTER FROM THE BOARD

To the best of the Company's knowledge, set forth below is the corporate structure of the Target Group:



Notes:

1. a member of the Target Group which has remained consolidated in the Group's accounts
2. a member of the Target Group which has been deconsolidated from the Group's accounts since the Deconsolidation
3. a member of the Target Group which is involved in the legal proceedings commenced by Man Guifu, the details of which are set out in, among others, the announcements of the Company dated 30 June 2017, 31 January 2018, 26 March 2018, 15 January 2019 and the sub-section headed "(1) Inability to access the financial, legal and administration records of the PRC Subsidiaries" under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" of this circular
4. please refer to the disclosure relating to the BPG Shareholders Dispute under paragraph (c) on page 17 of this circular.

LETTER FROM THE BOARD

The following tables set out the details of the members of the Target Group (a) which are within the control of the Group and the accounts of which remained consolidated in the Group's accounts; and (b) which the Group has lost control and the accounts of which have been deconsolidated from the Group's accounts since the Deconsolidation, respectively:

(a) Members of the Target Group which are within the control of the Group and the accounts of which remained consolidated in the Group's accounts

Company	Place of incorporation/ registration	Principal business activities
BPG Food & Beverage Holdings Ltd. (Target Company)	Cayman Islands	Investment holding
Top Honest Holdings Limited	BVI	Investment holding
Fame Zone Limited	BVI	Investment holding
Chance Lead Holdings Limited ("Chance Lead")	Hong Kong	Investment holding
Wealth Elite Investments Limited	Hong Kong	Investment holding

Save for investment holding, each of the members of the Target Group that remained consolidated in the Group's accounts has no other business activities.

(b) Members of the Target Group which the Group has lost control and the accounts of which have been deconsolidated from the Group's accounts since the Deconsolidation

Company	Place of incorporation/ registration	Principal business activities
Tianyang Perfuming Garden	PRC	Manufacture and sale of frozen fruit and others
Beihai Perfuming Garden	PRC	Trading of fruit juice concentrates, manufacture and sale of frozen fruit and vegetables
Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司)	PRC	Manufacture and sale of fruit juice concentrates, fruit purees and others
Beihai Super Fruit Co., Ltd.* (北海盛果商貿有限公司)	PRC	Trading of condensed fruit juice

LETTER FROM THE BOARD

For the avoidance of doubt, the following table sets out the details of the entities that do not fall within the Target Group and the accounts of which have been deconsolidated from the Group's accounts since the Deconsolidation ("Non-Target Group Deconsolidated Subsidiaries"):

Company	Place of incorporation/ registration	Principal business activities
Litian Biological Science & Technology Development (Xinfeng) Company Limited* (利添生物科技發展(信豐) 有限公司)	PRC	Planting, cultivation and sale of oranges
Lucky Team Biotech Development Yongzhou Limited* (永州利添生物科技發展有限公司)	PRC	Planting, cultivation and sale of oranges
Lucky Team (Hepu) Agriculture Development Limited* (利添良繁(合浦)農業發展 有限公司)	PRC	Development of nursery

As at the Latest Practicable Date, the Company has commenced and is in the process of undertaking the restructuring of Lucky Team Hepu, and is seeking potential purchasers for Lucky Team Hepu, the Non-Target Group Deconsolidated Subsidiaries and their respective immediate holding companies.

Set forth below is a summary of the financial results of the Target Group in the consolidated financial statements of the Group for the years ended 30 June 2015, 2016, 2017 and 2018, respectively:

	For the year ended 30 June 2018 <i>(Audited)</i> RMB'000 <i>(Note)</i>	For the year ended 30 June 2017 <i>(Audited)</i> RMB'000 <i>(Note)</i>	For the year ended 30 June 2016 <i>(Audited)</i> RMB'000 <i>(Note)</i>	For the year ended 30 June 2015 <i>(Audited)</i> RMB'000
Revenue	–	–	–	552,622
Loss before tax	(2,847)	(1,668)	(1,505,721)	(47,852)
Loss for the year	(2,847)	(1,668)	(1,505,721)	(47,852)

Note: The auditors of the Company had given a disclaimer opinion to the consolidated financial statements of the Group for each of the years ended 30 June 2016, 2017 and 2018. Please refer to the annual report of the Company for the respective year for details.

LETTER FROM THE BOARD

The decrease in revenue from approximately RMB552.6 million for the year ended 30 June 2015 to nil for the years ended 30 June 2016, 2017 and 2018 was due to the reasons that the Target Company has deconsolidated the PRC Subsidiaries since 1 July 2015 and the non-PRC members of the Target Group do not carry on any business. The Target Company was unable to access to the financial, legal and administration records of the PRC Subsidiaries for the years ended 30 June 2016, 2017 and 2018. Therefore, the PRC Subsidiaries were deconsolidated and therefore no revenue was recorded to have been generated from the Target Group for the years ended 30 June 2016, 2017 and 2018.

The increase in loss before tax and loss for the year from approximately RMB47.9 million for the year ended 30 June 2015 to approximately RMB1,505.7 million for the year ended 30 June 2016 was mainly attributable to the increase in the impairment losses as a result of the Deconsolidation of approximately RMB1,511.9 million for the year ended 30 June 2016.

The decrease in loss before tax and loss for the year from approximately RMB1,505.7 million for the year ended 30 June 2016 to approximately RMB1.7 million for the year ended 30 June 2017 was mainly attributable to the absence of impairment losses for the year ended 30 June 2017.

The increase in loss before tax and loss for the year from approximately RMB1.7 million for the year ended 30 June 2017 to approximately RMB2.8 million for the year ended 30 June 2018 was mainly attributable to the increase in exchange loss and legal and professional fees of the Target Group for the year ended 30 June 2018.

Set forth below is a summary of financial position of the Target Group, excluding the deconsolidated PRC Subsidiaries, as at 30 June 2018 and 31 December 2018, respectively:

	As at 30 June 2018 (Audited) RMB'000	As at 31 December 2018 (Unaudited) RMB'000
CURRENT ASSETS		
Amount due from the Vendor	280,775	277,425
Cash and cash equivalents	40	11
	280,815	277,436
CURRENT LIABILITIES		
Amounts due to the deconsolidated PRC		
Subsidiaries	571,442	571,442
Other payables	–	270
	571,442	571,712

LETTER FROM THE BOARD

As a result of the Deconsolidation, the financial information of the Target Group as at 31 December 2018 only represented the consolidated financial information of those members of the Target Group which are within the control of the Group. The management of the Company has taken the following measures to ascertain the assets and liabilities of the Target Group as at 31 December 2018:

(i) *balances of assets and liabilities as at 30 June 2018*

The balances of the assets and liabilities of the Target Group as at 30 June 2018 have been extracted from the management accounts audited by the auditors of the Company during the preparation of the Company's annual report for the year ended 30 June 2018.

(ii) *movements in assets and liabilities for the six months ended 31 December 2018*

In respect of the assets of the Target Group, in particular, the amount due from the Vendor and cash and cash equivalents, the management has reviewed all the relevant invoices, payment advices and bank statements in relation to each transaction with the Vendor during the six months ended 31 December 2018. In addition, the management has compared and reconciled the bank balances of the Target Group, excluding the deconsolidated PRC Subsidiaries, between the accounting records and the bank statements for the six months ended 31 December 2018.

In respect of the liabilities of the Target Group, in particular, the amounts due to the deconsolidated PRC Subsidiaries, there was no movement in such amounts due to the deconsolidated PRC Subsidiaries for the six months ended 31 December 2018 as no transaction with the deconsolidated PRC Subsidiaries was recorded by those members of the Target Group which are within the control of the Group during the six months ended 31 December 2018.

In this regard, the Board considers that the preparation of the financial results of the Target Group has been made on the best effort basis to provide fair and reasonable information sufficient for the Shareholders to make an informed decision.

With reference to the financial position of the Target Group, the net liabilities of the Target Group as at 30 June 2018 were approximately RMB290.6 million (equivalent to approximately HK\$343.6 million). The unaudited net liabilities of the Target Group as at 31 December 2018 were approximately RMB294.3 million (equivalent to approximately HK\$335.1 million).

As the Disposal involves transfer of the Sale Shares and the transfer, discharge and assumption of the Assumed Debt at the level of the Target Company, and the Target Company is a company incorporated in the Cayman Islands with limited liability, the transfer of the Sale Shares and the transfer, discharge and assumption of the Assumed Debt are not affected by the Deconsolidation and the Group's inability to access the financial, legal and administration records of the PRC Subsidiaries after the Deconsolidation. The Company is advised by its PRC legal adviser that there are no approvals, authorisations or filings which are required to be undertaken by the PRC Subsidiaries under the applicable PRC laws and regulations in order to effect the Disposal.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP

The Group is principally engaged in the planting, cultivation and sale of agricultural produce, the manufacture and sale of fruit juice concentrates, fruit purees, frozen fruit, and vegetables.

INFORMATION OF THE PURCHASER

Based on information provided by Mr. Zhou to the Company, Mr. Zhou, a PRC citizen, has been working on and dealing with distressed assets and/or non-performing assets for about 25 years. Mr. Zhou thus has extensive experience in identifying and acquiring non-performing assets in the PRC and reselling them through auctions after resolving issues, such as legal or financial cases, for the non-performing assets. Over the last 25 years, Mr. Zhou has accumulated extensive resources and network in managing distressed assets and/or non-performing assets.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser is an Independent Third Party and, save as disclosed in this circular, has no relationship with the Company and its connected persons, the Directors and/or senior management of the Company as at the Latest Practicable Date.

FINANCIAL IMPACT OF THE DISPOSAL

It is estimated that the Company will recognise an unaudited gain on the Disposal upon Completion of approximately RMB579.7 million (equivalent to approximately HK\$676.7 million) for the year ending 30 June 2019. The estimated gain was calculated with reference to the receipt of the total consideration for the Sale Shares of RMB5.0 million (equivalent to approximately HK\$5.8 million), the discharge of the Assumed Debt of approximately RMB278.8 million (equivalent to approximately HK\$325.5 million), the release of the exchange reserve of the Target Group of approximately RMB3.2 million (equivalent to approximately HK\$3.7 million) and deducting the net liabilities of the Target Group of approximately RMB292.7 million (equivalent to approximately HK\$341.7 million).

In view of the Group's inability to obtain complete books and records of the PRC Subsidiaries, which formed part of the Target Group, the management accounts of the Target Group as at 31 December 2018 have been, and could only be, prepared on a best effort basis by the management of the Company based on information of the Target Group available to the Company and having considered the effects of the deconsolidation of the PRC Subsidiaries.

The financial results of the Target Group and the Group were prepared based on the latest financial information available to the Company. The Board is of the view that, despite the disclaimer opinion, the financial results of the Target Group and the Group, the expected gain from the Disposal and the expected impact on the financial position of the Group, as stated in this circular, have been arrived at to the best knowledge of the Company after discussion with its professional advisers.

The above financial impact is shown for illustrative purpose only and the actual gain or loss as a result of the Disposal to be recorded by the Company is subject to review by the auditors of the Group and will be assessed after Completion.

Upon Completion, all members of the Target Group will cease to be subsidiaries of the Group and their respective financial results will no longer be consolidated into the financial statements of the Group.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the planting, cultivation and sale of agricultural produce, manufacture and sale of fruit juice concentrates, fruit purees, frozen fruit, and vegetables. The Directors consider that it will be beneficial for the Group to dispose of the Target Group in the long run having considered the following facts and circumstances:

(1) *Inability to access the financial, legal and administration records of the PRC Subsidiaries*

Despite deploying all reasonable measures, the Company has been unable to access the financial, legal and administration records of the PRC Subsidiaries.

As disclosed in the Company's annual report for the year ended 30 June 2018, in September 2016, the Company's auditors received allegations made by two persons who claimed to be Man Guifu* (滿桂富) ("**Man Guifu**") and Chen Deqiang* (陳德強) ("**Chen Deqiang**"), whose names matched with two employees of the Company's subsidiaries. In view of the allegations, the auditors were required to perform additional audit procedures. The Company had forthwith requested for a meeting with Man Guifu and Chen Deqiang to discuss and understand the allegations. The Company has also engaged PRC lawyers to issue numerous letters to the PRC Subsidiaries requesting for certain accounts, books and records for verification of the allegations and for the purpose of satisfying additional audit procedures required by the auditors. However, Man Guifu and the employees of the PRC Subsidiaries adopted an uncooperative manner and refused to respond to the requests from the auditors, the Directors and the senior management of the Company. The Directors and senior management of the Company had since been unable to access the financial, legal and administration records of the PRC Subsidiaries.

Since then, the Company had taken the following major steps in trying to gain access to the books and records of the PRC Subsidiaries but to no avail:

- (a) the Company had conducted site visits with PRC lawyers to the offices of the PRC Subsidiaries and issued letters (through its PRC lawyers) to the PRC Subsidiaries requesting for information but had not yet received any of the requested information;
- (b) the Company had considered initiating formal legal procedures to change the relevant senior management members of the PRC Subsidiaries. However, the Company was advised by its PRC lawyers that the process would take 12 months or more and may not be the most efficient way to address the current difficulties; and
- (c) the Company had instituted legal proceedings to enforce information rights of shareholder against Beihai Perfuming Garden and Tianyang Perfuming Garden and obtained relevant court orders. The Company was informed by its PRC lawyers that Beihai Perfuming Garden and Tianyang Perfuming Garden had received the relevant court orders. However, as at the Latest Practicable Date, neither Beihai Perfuming Garden nor Tianyang Perfuming Garden has produced any documents pursuant to the relevant court orders. As advised by the Company's PRC legal advisers, the Company is entitled to apply to the relevant court for enforcement of the court orders prior to 3 May 2020 (for Tianyang Perfuming Garden) and 28 July 2020 (for Beihai Perfuming Garden).

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Despite the above steps undertaken by the management of the Company, the Board is still unable to gain access to the complete books and records of the PRC Subsidiaries or obtain explanations and information from the management of those PRC Subsidiaries. As a result, the Board considered that the Group did not have the necessary information about the transactions and account balances of the PRC Subsidiaries for inclusion of these entities in the consolidated financial information of the Disposal Group since 1 July 2015. The Board therefore concluded that the PRC Subsidiaries should be deconsolidated from the consolidated financial information of the Disposal Group with effect from 1 July 2015.

Based on the management of the Company's understanding from the Company's auditors, when formulating the basis for disclaimer of conclusion in Appendix II regarding the deconsolidation of the PRC Subsidiaries, the auditors of the Company have considered the extent of power which the Company can exercise over the PRC Subsidiaries, taking into account the meaning of "power" under International Financial Reporting Standard 10 "Consolidated Financial Statements" ("IFRS 10"). IFRS 10 states that "*for an investor that hold more than half of the voting rights of an investee, to have power over an investee, the investor's voting rights must be substantive ... and must provide the investor with the current ability to direct the relevant activities, which often will be through determining operating and financing policies ...*".

Based on the management of the Company's understanding from the Company's auditors that, for the purpose of IFRS 10, (i) the voting rights of the PRC Subsidiaries are held by the Group and (ii) the legal representative and the relevant senior management of the PRC Subsidiaries, in each case, have remained unchanged since 1 July 2015, notwithstanding the abovementioned steps taken by the Group, and the Group's inability to gain access to the books and records of the PRC Subsidiaries and obtain any response from the management of the PRC Subsidiaries, the auditors of the Company considered that the Group did not demonstrate (1) the Group had lost any voting rights over the PRC Subsidiaries and (2) whether the Group was still able to direct the relevant activities of the PRC Subsidiaries. In order for the auditors of the Company to form a view on the Company's ability to direct relevant activities of the PRC Subsidiaries as per IFRS 10, the auditors will consider, among others, whether the relevant activities can be directed by a majority of the voting rights at general meetings of such company, or a majority of the members of the governing body, the members of which are appointed by a majority of the voting rights at general meetings of such company. Notwithstanding the facts and observation as described above, the auditors of the Company consider that they do not have sufficient information to assess whether the Group was or was not able to direct the relevant activities of the PRC Subsidiaries. Furthermore, under IFRS 10, whilst evidence that the investor has been directing relevant activities of an investee can help to determine whether the investor has power, such evidence is not, of itself, conclusive in determining whether the investor has power over an investee. By the same token, the auditors of the Company consider that whilst evidence that the investor is not able to direct the relevant activities of an investee can help to determine that the investor does not have power, such evidence is not, of itself, conclusive in determining that the investor does not indeed have power over an investee. Under such circumstances, the auditors of the Company are of the view that the financial information of the PRC Subsidiaries should be consolidated into the consolidated financial statements of the Disposal Group and the deconsolidation of the PRC Subsidiaries since 1 July 2015 is a technical departure from IFRS 10.

LETTER FROM THE BOARD

In addition, as at the Latest Practicable Date, the following court proceedings involving the PRC Subsidiaries have been made known to the Company:

- (a) In May 2017, the Group was informed that Tianyang Perfuming Garden, a wholly-owned subsidiary of the Target Company, was involved in a court proceeding in the PRC, alleging that Tianyang Perfuming Garden had defaulted in the payment for certain construction works and overdue interests. Prior to May 2017, the Group was not made aware of any such court proceedings. The Group had, between May 2017 to May 2018, continued to take actions to request for the inspection of the accounting books and records of Tianyang Perfuming Garden in order to better understand its operations but has not received any response.

Subsequently, the Group was informed that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) had issued a judgment ordering Tianyang Perfuming Garden to pay damages and interests to the claimant and had further issued a notice on 12 January 2018 in respect of execution of the order (the "**First TPG Judgement**"). The Company's PRC legal advisers advised the Group that upon issuance of such notice, the court would initiate the process of seizure of the funds and assets of Tianyang Perfuming Garden and proceed with any other necessary recovery actions. In late February 2018, the Company was informed that Tianyang Perfuming Garden had been served with a service of proceeding from Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) whereby the same claimant under the First TPG Judgment has commenced a legal proceeding against Tianyang Perfuming Garden alleging that it had defaulted in the payment of RMB836,590.46 together with interests for the same construction work. A hearing requiring the attendance of Tianyang Perfuming Garden was scheduled in late March 2018. In May 2018, the Group was informed that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) had issued an order ordering Tianyang Perfuming Garden to make a payment in the amount of RMB669,272.37, together with interests, to the aforesaid claimant (the "**Second TPG Judgement**"). The Second TPG Judgment was subject to the requests for appeal by either party within the prescribed time limit under the PRC laws. In June 2018, the senior management of Tianyang Perfuming Garden informed the Group that the relevant PRC court had issued judgments ordering the freezing of a bank account held by Tianyang Perfuming Garden in respect of the First TPG Judgment, and the inclusion of Tianyang Perfuming Garden in the "List of Dishonest Persons subject to Enforcement" of the Supreme People's Court.

- (b) In May 2017, the Company was made aware that (i) Tianyang Perfuming Garden was required to repay a loan of RMB17 million together with interest in arrears; and (ii) Tianyang Perfuming Garden had pledged two pieces of land as security for the loan but such pledge had not been registered with the relevant PRC authorities. The Company was not aware of the existence of the above contractual documents or arrangements prior to being notified of the above legal proceedings. The Company has made enquiries with Tianyang Perfuming Garden in connection with information relating to such loan and instructed its PRC lawyers to attend the office of Tianyang Perfuming Garden to exercise its shareholders' right and make enquiries. However, the management of Tianyang Perfuming Garden refused to cooperate.

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- (c) In June 2017, Chance Lead (an indirect wholly-owned subsidiary of the Company) (a member of the Target Group) was served with proceedings from a PRC court whereby Man Guifu alleged that he had the right to require Chance Lead to transfer its 46.14% equity interest in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed between Chance Lead, Man Guifu and the original shareholders of Beihai Perfuming Garden in February 2010 (the “**BPG Shareholders Dispute**”). Prior to June 2017, the Group was not aware of any documents which give rise to such shareholder dispute.

On or about 30 January 2018, the Group received three writs of summon issued by Guangxi Zhuang Autonomous Region Beihai City Intermediate People’s Court (廣西壯族自治區北海市中級人民法院) on 10 January 2018 against (1) the Company, (2) the Target Company and (3) Wealth Elite Investments Limited (鑫卓投資有限公司) requiring each of them to attend a court hearing scheduled on 13 March 2018 in respect of the BPG Shareholders Dispute. On 13 March 2018, the representatives of the Group had attended the court hearing at Guangxi Zhuang Autonomous Region Beihai City Intermediate People’s Court (廣西壯族自治區北海市中級人民法院) whereby the parties’ submissions regarding the verification of evidence were heard. It was noted that further court procedures would follow pursuant to the PRC laws. In January 2019, the Company was notified of a judgment (the “**First Instance Judgment**”) issued by Beihai City Intermediate People’s Court (北海市中級人民法院), after attending a court hearing held on 20 December 2018, pursuant to which the court ruled, among others, that Man Guifu was entitled to 46.14% equity interests in Beihai Perfuming Garden held by Chance Lead, and that Chance Lead should cooperate with Man Guifu to effect the equity transfer registration. As advised by the PRC legal adviser of the Company, the plaintiff or the defendant to the First Instance Judgment could submit a request for appeal within the prescribed time period (the “**Appeal Period**”). If no appeal was filed within the Appeal Period, the First Instance Judgment should have become effective following the lapse of the Appeal Period. Since the Company was not aware of the contractual arrangements giving rise to the BPG Shareholders Dispute, Chance Lead lodged a request for appeal of the rulings of the First Instance Judgment on 11 February 2019 and continued to defend its position vigorously.

Details of the legal proceedings and their updates were disclosed in the Company’s announcements dated 29 September 2016, 30 June 2017, 29 September 2017, 31 October 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018, 29 June 2018, 1 August 2018, 1 November 2018, 15 January 2019 and 1 February 2019 and the Company’s interim report for the six months ended 31 December 2018.

The Company has not taken any action to enforce its rights against Beihai Perfuming Garden and Tianyang Perfuming Garden under the relevant court orders as at the Latest Practicable Date. The Company has been advised by its PRC legal advisers that as a shareholder is only entitled to apply, for one time only, to the relevant court for the enforcement notices in respect of certain matters which are of non-monetary nature and do not involve debts, the Company is of the view

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that the most appropriate and commercially practical way is for the Purchaser to enforce the information rights of shareholder against Tianyang Perfuming Garden and Beihai Perfuming Garden after completion of the Disposal (i.e. after the Purchaser gaining control over the Target Group) in the Purchaser's discretion should it consider appropriate. The Company has considered the following factors when considering whether to take any enforcement action:

- (1) as advised by the Company's PRC legal advisers, the process of enforcement can be time consuming, and may take up to six months to complete upon the issuance of the necessary enforcement notice(s) by the relevant court;
- (2) as advised by the Company's PRC legal advisers, since a shareholder is only entitled to apply, for one time only, to the relevant court for the enforcement notices in respect of certain matters which are of non-monetary nature and do not involve debts, the Purchaser has expressed that he wishes the Company to leave him with the information rights of shareholder so he could exercise after completion of the Disposal in the Purchaser's discretion should it consider appropriate; and
- (3) as disclosed in the announcements of the Company dated 30 November 2017 and 31 January 2018, the scope and extent of the information rights of shareholder against Tianyang Perfuming Garden and Beihai Perfuming Garden under the relevant court orders are limited in that: (a) the inspection period is limited to 30 days; (b) a majority of the books and records to be made available for inspection relate to a confined period of time (for example, from 1 July 2014 up until the effective date of the order (i.e. 29 June 2018)) and does not represent the full and complete records of the relevant entities; and (c) no photocopying of the inspected books and records are allowed, save for the memorandum and articles of association (and any amendments thereto), resolutions of the board of directors or any supervisory committee, and financial reports for the period as prescribed in the relevant order). For these reasons, even if the Company (through the relevant Target Group) undertakes any enforcement action against Beihai Perfuming Garden and Tianyang Perfuming Garden, the likelihood of it gaining full access to the complete books and records of the two companies are low. In addition, the court has rejected the relevant Target Group's requests for inspection of books and records of Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司) and Beihai Super Fruit Co., Ltd.* (北海盛果商貿有限公司) (the subsidiaries of Beihai Perfuming Garden) on the basis that the claimant, being only a shareholder of Beihai Perfuming Garden, has no ground to request such subsidiaries of Beihai Perfuming Garden to produce to it the requested records. Therefore, the Company considers that any enforcement action taken by it (through the relevant Target Group) in this regard will not facilitate the Group in regaining control over the PRC Subsidiaries in a meaningful way.

Under the current circumstances as set out above, the Directors concur with the view that the Disposal is the most appropriate way to enhancing the Group's future business and operation as the Disposal would allow the Group to reallocate its resources to better focus on the ongoing business of the Group.

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(2) Interest of the Purchaser

The Company has been acquainted with the Purchaser through the social network of one of the Directors. After a preliminary discussion, the Purchaser showed his keen interest in the Target Group as the Target Group is regarded as distressed assets which may be dealt with through the Purchaser's arrangement, e.g. auctions or liquidation procedures, leveraging on his expertise in distressed assets. Thereafter, the Purchaser has obtained more in-depth information of the Target Group, including but not limited to the financial information of the Target Group before the Deconsolidation and the allegations and legal cases concerned. Based on the management of the Company's understanding from the Purchaser, having considered the key issues of the Target Group, the Purchaser is confident that he could tackle such issues with his experience and network as set out under the section headed "Information of the Purchaser." As such, the Purchaser decided to enter into the Sale and Purchase Agreement with the Vendor to acquire the Target Group. The terms of the Sale and Purchase Agreement (including the Consideration and the transfer, discharge and assumption of the Assumed Debt) was negotiated between the Vendor and the Purchaser on an arm's length basis.

The Directors consider that the Disposal offers an opportunity for the Group to immediately dispose of the Target Group with reasonable commercial terms under the current circumstances.

(3) Expected impact on financial position of the Group

(a) Net asset value

With reference to the Company's annual report for the year ended 30 June 2018, the consolidated net liabilities of the Group as at 30 June 2018 amounted to approximately RMB433.3 million.

As disclosed above in the section headed "Financial Impact of the Disposal" in this circular, it is estimated that the Company will recognise an unaudited gain on the Disposal upon the Completion of approximately RMB579.7 million (equivalent to approximately HK\$676.7 million). After deducting the expenses related to the Disposal of approximately RMB1.5 million, the net asset value of the Company is expected to increase to approximately RMB141.8 million immediately upon the Completion.

(b) Net current assets

With reference to the Company's annual report for the year ended 30 June 2018, the consolidated current assets and current liabilities of the Group as at 30 June 2018 amounted to approximately RMB70.2 million and RMB600.2 million, respectively.

Given that it is expected that the Disposal would lead to a decrease of the Group's current assets of approximately RMB1.5 million and current liabilities of approximately RMB576.6 million, upon Completion, it is expected that the net current assets of the Group will increase to approximately RMB45.0 million.

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The expected impact as stated above is shown for illustrative purpose only. The actual impact on the Group's financial position arising from the Disposal may be different from the above, which shall be determined based on the financial position of the Target Group at Completion and subject to review by the auditors of the Group.

Conclusion

In view of the above, the Directors are of the view that the Disposal is a commercially sensible business decision and an appropriate course of action to take for the long term development of the Group. The terms and conditions of the Disposal contemplated under the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUTURE PLAN AND USE OF PROCEEDS

After deducting the expenses related to the Disposal, it is expected that the Company will have net proceeds of approximately RMB3.5 million (equivalent to approximately HK\$4.1 million), which is intended to be applied for the Group's general working capital.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal under the Sale and Purchase Agreement exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

SGM

Set out on pages 72 and 74 of this circular is a notice convening the SGM to be held at United Conference Centre, Level 10, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 9 May 2019 at 9:00 a.m.. The SGM will be held for the purpose of, considering and, if thought fit, passing the ordinary resolution(s) to approve, among other things, the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

A form of proxy for use at the SGM is enclosed in this circular. If you are a Shareholder and are not able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM, or to Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom by 5:00 p.m. (UK time) on Monday, 6 May 2019 or any adjournment thereof. Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the SGM or any adjourned meeting should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

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Pursuant to the Listing Rules, any Shareholder who has a material interest in the Disposal and his/her/its close associates is/are required to abstain from voting on the relevant resolutions at the SGM. As at the Latest Practicable Date, to the best of the Directors' knowledge after having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and, accordingly, no Shareholder is required to abstain from voting on the ordinary resolution to approve the Sale and Purchase Agreement and the Disposal at the SGM.

RECOMMENDATION

The Directors consider that the terms of the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve, among other things, the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

CONTINUED SUSPENSION OF TRADING OF SHARES

Trading in the Shares on the Stock Exchange remains suspended pending the fulfilment of the resumption conditions as specified by the Stock Exchange. For details of the resumption conditions, please refer to the Company's announcement dated 1 November 2018. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

Yours faithfully,
On behalf of the Board
Asian Citrus Holdings Limited
Ng Ong Nee
Chairman

* *For identification purposes only*

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE FINANCIAL YEARS ENDED 30 JUNE 2018

The audited consolidated financial statements of the Group for the year ended 30 June 2018 has been set out in the 2018 annual report of the Company which was published on 30 October 2018 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below the link to the 2018 annual report:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1030/LTN20181030865.pdf>

The audited consolidated financial statements of the Group for the year ended 30 June 2017 has been set out in the 2017 annual report of the Company which was published on 20 July 2018 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below the link to the 2017 annual report:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0720/LTN20180720451.pdf>

The audited consolidated financial statements of the Group for the year ended 30 June 2016 has been set out in the 2016 annual report of the Company which was published on 20 July 2018 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below the link to the 2016 annual report:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0720/LTN20180720427.pdf>

The unaudited consolidated financial statements of the Group for the six months ended 31 December 2018 has been set out in the 2018/2019 interim report of the Company which was published on 19 March 2019 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below the link to the 2018/19 interim report:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0319/LTN20190319684.pdf>

2. INDEBTEDNESS STATEMENT

At the close of business on 28 February 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information relating to this indebtedness statement, the Group had no outstanding borrowings.

Save as disclosed under the section headed "Litigation" in Appendix IV of this circular, as at the Latest Practicable Date, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, outstanding convertible debt securities or other similar indebtedness, any guarantees or other material contingent liabilities.

Save as disclosed herein, to the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in the indebtedness or contingent liabilities of the Group since 28 February 2019 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the available facilities, the internal resources and the net cash proceeds expected to be received from the Disposal, the Directors are of the opinion that the working capital available to the Group (including the Disposal Group to be disposed of up to the Completion Date) is sufficient to satisfy its present requirements for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS

As at the Latest Practicable Date, the principal businesses of the Group include the plantation operation at the Hepu Plantation (the “**Plantation Operation**”) and the fruit distribution operation via the fruit distribution platform of the Group (the “**Fruit Distribution Operation**”).

Plantation Operation

The Plantation Operation of the Group, mainly including planting, cultivation and sale of agricultural produce in the PRC market, is conducted by the Agriculture Company together with Lucky Team Hepu, the accounts of which have been re-consolidated into the Group’s accounts since 28 September 2017. The agricultural products, mainly oranges, are planted and cultivated by the Group at the Hepu Plantation located in Guangxi, the PRC and then wholesaled to certain local distributors in the PRC.

The Group had 16 and 9 customers in respect of the Plantation Operation business for the year ended 30 June 2018 and the six months ended 31 December 2018, respectively. The financial performance and position of the Plantation Operation is set out below.

	For the year ended 30 June 2018	For the six months ended 31 December 2018
	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	54,249	2,940
		<i>(Note 1)</i>
Profit/(Loss) before tax	7,994	(7,240)
Profit/(Loss) for the year/period	7,994	(7,240)

	As at 30 June 2018 <i>(Audited)</i> <i>RMB'000</i>	As at 31 December 2018 <i>(Unaudited)</i> <i>RMB'000</i>
Current assets	64,875	31,733 <i>(Note 2)</i>
Non-current assets	94,164	87,000
Total assets	159,039	118,733
Net assets	141,193	113,993

Notes:

1. The revenue generated from the sale of agricultural products at the Hepu Plantation is seasonal, normally during the harvest season from December to June of each year.
2. The decrease in the current assets is mainly due to the settlement of trade and other payables.

The Group intends to continue the development of the business of Plantation Operation business by diversifying the agricultural products, such as planting more varieties of seasonal fruit during the suitable season. It is expected that such diversification would maximize the annual output capacity of the Hepu Plantation, and ultimately improve the revenue generated from the Plantation Operation.

Fruit Distribution Operation

The Group's Fruit Distribution Operation is principally engaging in distribution of various high-quality fruit domestically in the PRC. Under the Fruit Distribution Operation, the Group sources various kinds of fruit from the different provinces in the PRC and distribute them via the fruit distribution channels and networks of the Group, e.g. E-Commerce platform of the Group or local distribution partners.

The Group had 6 different distributors in respect of the business of Fruit Distribution Operation business for the six months ended 31 December 2018. The financial performance and position of the Fruit Distribution Operation is set out below.

	For the six months ended 31 December 2018 <i>(Unaudited)</i> <i>RMB'000</i>
Revenue	6,414
Profit before tax	67
Profit for the period	67

Note: The Fruit Distribution Operation commenced in September 2018.

	As at 31 December 2018 <i>(Unaudited)</i> RMB'000
Current assets	6,006
Non-current assets	16
Total assets	6,022
Net assets	5,246

Besides the existing wholesale channel of the Group in top-tier markets in the PRC, the Group will continue to put more effort in strengthening the Fruit Distribution Operation by strategically expanding the distribution channels and networks, which can facilitate the access to potential distributors across different provinces in the PRC. In addition, the Group intends to expand and source certain high-quality fruits from nearby Asian countries in order to improve the revenue from the Fruit Distribution Operation.

In addition, the Group will continue to identify attractive investment and acquisition opportunities to increase the profitability and shareholders' value of the Company in the foreseeable future.

5. RESUMPTION CONDITIONS

The Shares have been suspended from trading with effect from 9:00 a.m. (Hong Kong time) on Thursday, 29 September 2016. As stated in the Company's announcements dated 27 January 2017 and 6 September 2018, the Stock Exchange has notified the Company that the following conditions would apply before the making of any request by the Company for the resumption of trading of the Shares (the "**Resumption Conditions**"):

- A. publish all outstanding financial results under the Listing Rules and address any audit qualifications ("**Condition A**");
- B. clarify, address and take appropriate actions on the Allegations ("**Condition B**");
- C. demonstrate the Company's compliance with Rule 13.24 of the Listing Rules ("**Condition C**"); and
- D. inform the market of all material information for the shareholders and the investors to appraise the Company's position ("**Condition D**").

If the Company fails to fulfil all the Resumption Conditions to the Stock Exchange's satisfaction and resume trading in the Shares by 31 July 2019, the Listing Department of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. This is subject to the Stock Exchange's right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules where appropriate. The Company will make its best endeavour to obtain resumption of trading in the Shares on the Stock Exchange as soon as possible.

6. PROGRESS OF FULFILMENT OF THE RESUMPTION CONDITIONS

The Company sets forth below the progress of fulfilment of the Resumption Conditions as at the Latest Practicable Date.

Condition A

As at the Latest Practicable Date, the Company has published all outstanding financial results under the Listing Rules. On the other hand, the Company has proposed plans to its auditors and has been taking actions with a view to addressing the audit qualifications before 30 June 2019 with the aim of removing all audit qualifications from the consolidated financial statements of the Group for the year ending 30 June 2021. The proposed plan includes the Disposal, the restructuring of Lucky Team Hepu, the disposal of Lucky Team Hepu and the Non-Target Group Deconsolidated Subsidiaries.

Condition B

The independent investigation in relation to the Allegations (“**Investigation**”) is still ongoing and is expected to be completed by early May 2019. The Board continues to maintain its view that (i) given the Allegations relate to the PRC Subsidiaries and Lucky Team Hepu; and (ii) as the PRC Subsidiaries have been deconsolidated from the Group and the management of Lucky Team Hepu has changed since 28 September 2017, the Allegations would not affect the current financial position of the Group. Further, in view of the Company’s proposals to carry out the plans to (i) undertake the Disposal and (ii) dispose of Lucky Team Hepu (upon completion of restructuring), other deconsolidated subsidiaries (i.e. Lucky Team (Hepu) Agriculture Development Limited* (利添良繁(合浦)農業發展有限公司), Litian Biological Science & Technology Development (Xinfeng) Company Limited* (利添生物科技發展(信豐)有限公司) and Lucky Team Biotech Development Yongzhou Limited* (永州利添生物科技發展有限公司)) together with their respective immediate holding companies (the “**Last Disposal**”) in order to address Condition A, the Board considers that the Allegations will no longer be relevant to the Group once the Disposal and the Last Disposal are completed.

The Company will publish announcement(s) to update its shareholders of any material development as and when appropriate in compliance with the requirements under the Listing Rules.

Condition C

The Group continues its plantation operation at the Hepu Plantation and also continues to develop its fruit distribution operation via the fruit distribution channels and networks. For the details of the Group’s existing business, please refer to the sub-section headed “4. Financial and Trading Prospects” in Appendix I of this circular.

Please also refer to the announcement of the Company dated 1 February 2019 for details.

Condition D

The Company will publish announcement(s) to update its shareholders of any major changes to the Company's position, as and when appropriate in compliance with the requirements under the Listing Rules.

7. MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company, and the Company will no longer have any shareholding interest in the Disposal Group.

Based on the information currently available to the Group, save for contingent liabilities of the Group which may be arising from possible breach by the Vendor of its representations and warranties set out in the Sale and Purchase Agreement, as at the Latest Practicable Date, the Company is not aware that the Group (other than the Target Group) may be subject to any other contingent or unrecorded liabilities arising from the Target Group upon Completion. In any event, the maximum aggregate liability of the Vendor in respect of all claims (if any) under the Sale and Purchase Agreement is limited to 20% of the Consideration (i.e. RMB1.0 million).

The Board considers that the likelihood of the Vendor being liable for claims under any breach of the Vendor's representations and warranties set out in the Sale and Purchase Agreement is very minimal, on the following basis. Firstly, the major representations and warranties given by the Vendor to the Purchaser under the Sale and Purchase Agreement cover only those members of the Target Group which are incorporated in Hong Kong, the Cayman Islands and the British Virgin Islands, none of which is a deconsolidated PRC Subsidiary. For the avoidance of doubt, no representations and warranties have been given by the Vendor to the Purchaser in relation to the PRC Subsidiaries under the Sale and Purchase Agreement. Secondly, such representations and warranties given are with limited scope, relating to, among others, due incorporation, power to contract, directorship and share capital. Thirdly, the Vendor shall not be subject to any liability unless the aggregate amount of all claims for which it would be liable under the Sale and Purchase Agreement exceeds RMB500,000. Hence, given the limited number of companies and scope of representations and warranties and the de-minimis threshold of claims, the Board is of the view that the likelihood of the Group (other than the Target Group) being liable for any contingent or unrecorded liabilities arising from the Target Group upon Completion is minimal.

Following the Disposal, the Remaining Group will be principally engaged in planting, cultivation and sale of agricultural produce and high-quality fruit in the market of the PRC. Set out below is the management discussion and analysis of the Remaining Group for each of the financial years ended 30 June 2016, 2017 and 2018 respectively. The financial information in respect of the Remaining Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Group for each of the three financial years ended 30 June 2018. Capitalised terms used in this section shall have the same meanings as defined in the annual report of the Company for the financial year ended 30 June 2018.

- (a) For the financial year ended 30 June 2018

Business Review

Due to the Beihai Minority Disputes which arose in late September 2016, the Company had deconsolidated the accounts of the uncooperative subsidiaries in the

PRC from the Remaining Group's financial results. The core businesses, i.e. the plantation operation and the processed fruit operation of the Remaining Group, were operated by some of those deconsolidated subsidiaries, hence, as a result, the deconsolidation had significant financial impact on the Remaining Group for the financial years of 2015/16 and 2016/17.

In September 2017, the Company had made encouraging progress. The acquisition of the Agriculture Company was completed on 18 September 2017 and the Company had successfully resumed the control over Lucky Team Hepu on 28 September 2017. The financial performance of Lucky Team Hepu, which is mostly attributed by the plantation operation of the Remaining Group, was re-consolidated into the Remaining Group since 28 September 2017.

Financial Review

Revenue and other income

For the financial year ended 30 June 2018, the Remaining Group recorded a revenue of approximately RMB54.2 million (2017: Nil). The increase in revenue was primarily attributed to the consolidation of the plantation operations during the financial year ended 30 June 2018, after completion of acquisition of the Agriculture Company and resumption of control of Lucky Team Hepu. During the financial year ended 30 June 2018, there was also other income of approximately RMB3.5 million (2017: RMB1.6 million) which consisted of management income and net income generated from other trading business.

Gain on bargain purchase

For the financial year ended 30 June 2018, a gain on bargain purchase of approximately RMB30.7 million (2017: Nil) was recognised, which was attributed to improvements in financial position of the Agriculture Company during the period beginning from the execution date of the relevant purchase agreement and up to the completion date of the acquisition.

Loss arising from re-consolidation of a deconsolidated subsidiary

For the financial year ended 30 June 2018, the Remaining Group accounted a loss arising from the re-consolidation of a deconsolidated subsidiary, namely Lucky Team Hepu, of approximately RMB231.7 million (2017: Nil). Such figure represents the excess of liabilities (which mainly consisted of amounts due to other deconsolidated subsidiaries) over assets of Lucky Team Hepu recognised on re-consolidation.

Gain arising from changes in fair value of biological assets less costs to sell

For the financial year ended 30 June 2018, gain arising from changes in fair value of biological assets less costs to sell had amounted to approximately RMB32.3 million (2017: Nil). Such figure represented the net increase of the fair value of the oranges when the Remaining Group's oranges matured and are harvested.

General and administrative expenses

For the financial year ended 30 June 2018, the general and administrative expenses of the Remaining Group was approximately RMB49.1 million (2017: RMB27.3 million) and such figure has primarily comprised of staff costs, depreciation, office administration expenses and legal and professional fees. These costs increased by 79.9% from approximately RMB27.3 million to RMB49.1 million, mainly due to the new acquisition of the Agriculture Company and the resumption of Lucky Team Hepu in September 2017.

Distribution and other operating expenses

For the financial year ended 30 June 2018, the distribution and other operating expenses of the Remaining Group was approximately RMB5.2 million (2017: RMB1.2 million) which comprised of direct harvest and processing-related expenses.

Loss from operation and loss attributable to shareholders for the year

For the financial year ended 30 June 2018, both loss from operation of the Remaining Group and loss attributable to shareholders of the Company were approximately RMB218.9 million (2017: RMB26.8 million). The substantial increase was due to the loss arising from the re-consolidation of Lucky Team Hepu.

LIQUIDITY, FINANCE RESOURCES AND FINANCIAL RATIOS*Liquidity*

As at 30 June 2018, the current ratio and quick ratio of the Remaining Group were 0.23 and 0.19 respectively (2017: 0.61 and 0.54 respectively).

Gearing ratio and debt ratio

As at 30 June 2018, the Remaining Group did not incur any debt instruments nor any bank borrowings. The net cash position of the Remaining Group was approximately RMB54.7 million as at 30 June 2018 (2017: RMB16.2 million).

Funding and treasury policy

During the financial year ended 30 June 2018, the Remaining Group had sufficient funds for its operation and would continue to adopt stringent cost control and conservative treasury policies in the forthcoming financial year.

Internal cash resource

The Remaining Group's funding resource comprises of cash and cash equivalents. The Group did not have any outstanding borrowings as at 30 June 2018.

Charge on assets

None of the Remaining Group's assets was pledged as at 30 June 2018.

Capital commitments

As at 30 June 2018, the Remaining Group had capital commitments of approximately RMB13.8 million (2017: Nil), which were mainly in relation to the acquisition of property, plant and equipment in the Hepu Plantation.

Foreign exchange risk

The Remaining Group is exposed to currency risk, primarily through its cash and cash equivalents which are denominated in a currency other than the functional currency of the operation to which they related. The currency giving rise to this risk are primarily Hong Kong dollars.

As the Remaining Group has limited transactions denominated in foreign currencies, the exposure to exchange rate fluctuation is minimal. The Remaining Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The management of the Company manages the currency risk by closely monitoring the movement of the foreign currency exchange rates.

Significant investments, material acquisitions and disposals

The Remaining Group did not have significant investments or material acquisitions or disposals for the financial year ended 30 June 2018.

EMPLOYEES OF THE REMAINING GROUP

The Remaining Group has adopted a competitive remuneration package since it aims to attract, retain and motivate high calibre individuals. Remuneration packages are primarily performance-linked while business performance, market practices and competitive market conditions are also taken into consideration in calculating remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as discretionary bonuses, mandatory provident fund contributions and share options.

As at 30 June 2018, the total headcount of the Remaining Group, excluding the employees of the deconsolidated PRC subsidiaries, was 93 (2017: 34).

CONTINGENT LIABILITIES

Due to the Beihai Minority Disputes, the management of certain PRC subsidiaries of the Remaining Group did not provide sufficient explanation, financial information, or any monthly updates which would have offered a balanced and comprehensible assessment of those PRC subsidiaries' performance and position to the Directors for their duties under Rule 3.08 and Chapter 13 of the Listing Rules. As a result, those PRC subsidiaries were deconsolidated in the consolidated financial statements of the Group during the financial year ended 30 June 2016.

Therefore, based on the limited information provided to the Directors in this regard, it is impossible for the Directors to ascertain, as at the Latest Practicable Date, the contingent liabilities of those deconsolidated subsidiaries as at 30 June 2018 as they have been unable to gain access to the complete books and records and management personnel of the deconsolidated subsidiaries.

Save as disclosed in the above paragraphs, to the best of the Directors' knowledge after having made all reasonable enquiries and based on information available to them, the Remaining Group did not have any contingent liabilities as at 30 June 2018.

(b) For the financial year ended 30 June 2017

Business Review

Due to the Beihai Minority Disputes and the uncooperative management of certain PRC subsidiaries, the uncooperative PRC subsidiaries were deconsolidated from the Remaining Group in the financial year ended 30 June 2017. As a result, the Remaining Group had only operated part of its business of planting, cultivation and sale of agricultural produce for the financial year ended 30 June 2017. However, the Directors will continue to protect and enforce all interests of the Company by proceeding with litigation against the uncooperative management of those deconsolidated PRC subsidiaries accordingly.

Financial Review

Revenue and other income

There was no revenue, cost of sales nor gross profit in respect of the plantation business of the Remaining Group for the financial year ended 30 June 2017 (2016: Nil). However, the Remaining Group recognised other income of approximately RMB1.6 million in relation to the sales of commodities and interest received during the financial year ended 30 June 2017 (2016: RMB0.7 million).

Selling and distribution expenses

For the financial year ended 30 June 2017, the selling and distribution expenses of the Remaining Group amounted to RMB1.2 million (2016: Nil), which comprised of mainly salaries and welfare of sales personnel, travelling and transportation expenses.

General and administrative expenses

For the financial year ended 30 June 2017, the general and administrative expenses of the Remaining Group reduced by 10.8% to RMB27.3 million (2016: RMB30.6 million) when compared to last year's record. Such expenses are comprised primarily of salaries, office administration expenses, depreciation and legal and professional fees.

Loss from operation and loss attributable to shareholders for the year

For the financial year ended 30 June 2017, both loss from operation and loss attributable to shareholders of the Company was approximately RMB26.8 million (2016: loss from operation and loss attributable to shareholders of the Company amounted to RMB3,710.9 million). The significant decrease in loss was due to the absence of impairment loss on amounts due from deconsolidated subsidiaries of the Remaining Group and absence of loss on deconsolidation of the deconsolidated subsidiaries of the Remaining Group.

LIQUIDITY, FINANCE RESOURCES AND FINANCIAL RATIOS*Liquidity*

As at 30 June 2017, the current ratio and quick ratio of the Remaining Group were 0.61 and 0.54 respectively (2016: both 1.51).

Gearing ratio and debt ratio

As at 30 June 2017, the Remaining Group did not incur any debt instruments nor any bank borrowings. The net cash position of the Remaining Group was approximately RMB16.2 million as at 30 June 2017 (2016: RMB49.1 million).

Funding and treasury policy

During the financial year ended 30 June 2017, the Remaining Group had sufficient funds for its operations and would continue to adopt stringent cost control and conservative treasury policies in the forthcoming financial year.

Internal cash resource

The Remaining Group's funding resources comprise of cash and cash equivalents. The Group did not have any outstanding borrowings as at 30 June 2017.

Charge on assets

None of the Remaining Group's assets was pledged as at 30 June 2017.

Capital commitments

Except for the major transaction in relation to the acquisition of entire issued share capital of Eagleton Global Investments Limited which was terminated on 30 September 2017, the Remaining Group did not have other capital commitments as at 30 June 2017 (2016: Nil).

Foreign exchange risk

The Remaining Group is exposed to currency risk, primarily through its cash and cash equivalents which are denominated in a currency other than the functional currency of the operation to which they related. The currency giving rise to this risk are primarily Hong Kong dollars.

As the Remaining Group has limited transactions denominated in foreign currencies, the exposure to exchange rate fluctuation is minimal. The Remaining Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The management of the Company manages the currency risk by closely monitoring the movement of the foreign currency exchange rates.

Significant investments, material acquisitions and disposals

The Remaining Group did not have significant investments or material acquisitions or disposals for the financial year ended 30 June 2017.

EMPLOYEES OF THE REMAINING GROUP

The Remaining Group has adopted a competitive remuneration package since it aims to attract, retain and motivate high calibre individuals. Remuneration packages are primarily performance-linked while business performance, market practices and competitive market conditions are also taken into consideration in calculating remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as discretionary bonuses, mandatory provident fund contributions and share options.

As at 30 June 2017, the total headcount of the Remaining Group, excluding the employees of the deconsolidated PRC subsidiaries, was 34 (2016: 18).

CONTINGENT LIABILITIES

Due to the Beihai Minority Disputes, the management of certain PRC subsidiaries of the Remaining Group did not provide sufficient explanation, financial information, or any monthly updates which would have offered a balanced and comprehensible assessment of those PRC subsidiaries' performance and position to the Directors for their duties under Rule 3.08 and Chapter 13 of the Listing Rules. As a result, those PRC subsidiaries were deconsolidated in the consolidated financial statements of the Group during the financial year ended 30 June 2016.

Therefore, based on the limited information provided to the Directors in this regard, it is impossible for the Directors to ascertain, as at the Latest Practicable Date, the contingent liabilities of those deconsolidated subsidiaries of the Remaining Group as at 30 June 2017 as they have been unable to gain access to the complete books and records and management personnel of the deconsolidated subsidiaries of the Remaining Group.

Save as disclosed in the above paragraphs, to the best of the Directors' knowledge after having made all reasonable enquiries and based on information available to them, the Remaining Group did not have any contingent liabilities as at 30 June 2017.

- (c) For the financial year ended 30 June 2016

Business Review

The Directors and senior management of the Company constantly strives to improve the Remaining Group's performance and to explore potential investments which can bring positive contribution to the Remaining Group. However, to the contrary, the extreme climate in the PRC and the disputes of certain uncooperative subsidiaries of the Remaining Group had significant impacts to the financial performance of the Remaining Group for the financial year ended 30 June 2016.

On the horns of a dilemma, the Directors had to make a difficult decision to deconsolidate the uncooperative PRC subsidiaries of the Remaining Group for the financial year ended 30 June 2016 until the relevant issues were settled. Meanwhile, the Directors had already engaged legal professional in the PRC in order to protect and enforce all the legal rights of the Company and to obtain relevant information as a shareholder of those PRC subsidiaries.

Financial Review

Revenue and other income

There were no revenue, cost of sales nor gross profit in respect of the plantation business of the Remaining Group for the financial year ended 30 June 2016 as compared to those for the financial year ended 30 June 2015 of approximately RMB410.1 million, RMB842.6 million and gross loss of RMB432.5 million respectively. However, the Remaining Group recognised other income in the sum of RMB0.7 million in relation to the sales of commodities and interest received during the year ended 30 June 2016 (2015: RMB17.0 million).

Selling and distribution expenses

There were no selling and distribution expenses, other operating expenses, finance costs nor any change in fair value of biological assets of the Remaining Group for the financial year ended 30 June 2016 (2015: selling and distribution expenses amounted to RMB32.7 million, other operating expenses amounted to RMB418.4 million, finance costs amounted to RMB5,000 and change in fair value of biological assets amounted to RMB242.8 million respectively) mainly due to the deconsolidation of certain PRC subsidiaries of the Remaining Group.

General and administrative expenses

The general and administrative expenses reduced to approximately RMB30.6 million for the financial year ended 30 June 2016 (2015: RMB66.7 million), representing approximately 54.1% decrease when compared to last year's record.

Loss from operation and loss attributable to shareholders for the year

For the financial year ended 30 June 2016, both loss from operation of the Remaining Group and loss attributable to shareholders of the Company was approximately RMB3,710.9 million, compared to a loss of approximately RMB1,176.2 million of last year, representing an increase of approximately 215.5%.

LIQUIDITY, FINANCE RESOURCES AND FINANCIAL RATIOS*Liquidity*

As at 30 June 2016, the current ratio and quick ratio of the Remaining Group were both 1.51 (2015: 5.34 and 3.03 respectively).

Gearing ratio and debt ratio

As at 30 June 2016, the Remaining Group did not incur any debt instruments nor any bank borrowings. The net cash position of the Remaining Group was approximately RMB49.1 million as at 30 June 2016 (2015: RMB342.9 million).

Funding and treasury policy

During the financial year ended 30 June 2016, the Remaining Group had sufficient funds for its operation and would continue to adopt stringent cost control and conservative treasury policies in the forthcoming financial year.

Internal cash resource

The Remaining Group's funding resources comprise of cash and cash equivalents. The Group did not have any outstanding borrowings as at 30 June 2016.

Charge on assets

None of the Remaining Group's assets was pledged as at 30 June 2016.

Capital commitments

The Remaining Group did not have any capital commitments as at 30 June 2016 (2015: RMB24.8 million relating to the construction of the farmland infrastructure in the Hepu Plantation, which was deconsolidated in this financial year ended 30 June 2016).

Foreign exchange risk

The Remaining Group is exposed to currency risk, primarily through its cash and cash equivalents which are denominated in a currency other than the functional currency of the operation to which they related. The currency giving rise to this risk are primarily Hong Kong dollars.

As the Remaining Group has limited transactions denominated in foreign currencies, the exposure to exchange rate fluctuation is minimal. The Remaining Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The management of the Company manages the currency risk by closely monitoring the movement of the foreign currency exchange rates.

Significant investments, material acquisitions and disposals

The Remaining Group did not have significant investments or material acquisitions or disposals for the financial year ended 30 June 2016.

EMPLOYEES OF THE REMAINING GROUP

The Remaining Group has adopted a competitive remuneration package since it aims to attract, retain and motivate high calibre individuals. Remuneration packages are primarily performance-linked while business performance, market practices and competitive market conditions are also taken into consideration in calculating remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as discretionary bonuses, mandatory provident fund contributions and share options.

As at 30 June 2016, the total headcount of the Remaining Group, excluding the employees of the deconsolidated PRC subsidiaries of the Remaining Group, was 18 (2015: 1,593).

CONTINGENT LIABILITIES

Due to the Beihai Minority Disputes, the management of certain PRC subsidiaries of the Remaining Group did not provide sufficient explanation, financial information, or any monthly updates which would have offered a balanced and comprehensible assessment of those PRC subsidiaries' performance and position to the Directors for their duties under Rule 3.08 and Chapter 13 of the Listing Rules. As a result, those PRC subsidiaries were deconsolidated in the consolidated financial statements of the Group during the financial year ended 30 June 2016.

Therefore, based on the limited information provided to the Directors in this regard, it is impossible for the Directors to ascertain, as at the Latest Practicable Date, the contingent liabilities of those deconsolidated subsidiaries of the Remaining Group as at 30 June 2016 as they have been unable to gain access to the complete books and records and management personnel of the deconsolidated subsidiaries of the Remaining Group.

Save as disclosed in the above paragraphs, to the best of the Directors' knowledge after having made all reasonable enquiries and based on information available to them, the Remaining Group did not have any contingent liabilities as at 30 June 2016.

The following is the text of a report received from the reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in respect of the Target Group's accountants report for the purpose of incorporation in this circular.



31st Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

The Directors
Asian Citrus Holdings Limited

Dear Sirs,

INTRODUCTION

We were engaged to review the financial information set out on pages 44 to 52 which comprise the consolidated statements of financial position of BPG Food & Beverage Holdings Ltd. (the “**Disposal Company**”) and its subsidiaries (together, the “**Disposal Group**”) as of 30 June 2016, 2017, 2018 and 31 December 2018, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 30 June 2016, 2017, 2018 and each of the six-month periods ended 31 December 2017 and 2018 (the “**Relevant Periods**”) and explanatory notes (the “**Financial Information**”). The Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Asian Citrus Holdings Limited (the “**Company**”) in connection with the disposal of the Disposal Group in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The directors of the Company are responsible for the preparation and presentation of the financial information of the Disposal Group in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard (“**IAS**”) 1 “Presentation of Financial Statements” or an interim financial report as defined in IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on this Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. However, because of the matters described in the *Basis for Disclaimer of Conclusion* section of our report, we were not able to express a conclusion on this Financial Information. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

Our review was supposed to be conducted in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently would not have enabled us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we would not have expressed an audit opinion.

BASIS FOR DISCLAIMER OF CONCLUSION

a) Authenticity of accounting records and deconsolidation of all subsidiaries of the Disposal Company incorporated in the People’s Republic of China (the “PRC”)

As stated in our auditors’ reports on the consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the financial years ended 30 June 2016, 2017 and 2018:

- (i) during the course of our audit of the consolidated financial statements of the Group for the financial year ended 30 June 2016, we had received written correspondences which appeared to be sent by a person named Chen Deqiang* (陳德強), who is a finance manager of certain PRC subsidiaries of the Company (and of the Disposal Company). It was asserted in the correspondences that he was acting on behalf of Man Guifu* (滿桂富) (“**Man Guifu**”) a minority shareholder, director and general manager of Beihai Perfuming Garden Juice Co., Ltd.* (北海市果香園果汁有限公司) (“**Beihai Perfuming Garden**”), a PRC subsidiary of the Company (and of the Disposal Company), and holder of positions in some other PRC subsidiaries of the Company (and of the Disposal Company). In the correspondences, it was indicated to us that certain amounts or balances in the internal records of certain customers and suppliers did not correspond to the internal records of Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司), a PRC subsidiary of the Company (and of the Disposal Company), for the year ended 30 June 2016;
- (ii) at the request of a man who claimed to be Man Guifu’s representative, we had arranged to meet Man Guifu in the office of our legal adviser (the “**Meeting**”). A man who claimed to be Man Guifu attended the Meeting and asserted to us that there were inaccuracies in the books and records of certain subsidiaries of the Company (and of the Disposal Company) and provided to us documents purporting to be copies of bank statements for the period from 1 January 2016 to 30 June 2016 of Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) (“**Lucky Team Hepu**”), a PRC subsidiary of the Company (and of the Disposal Company);

- (iii) the Company was made aware of service of proceedings from a court in the PRC whereby Man Guifu had commenced legal proceedings against Chance Lead Holdings Limited (“**Chance Lead**”), a subsidiary of the Company (and of the Disposal Company), alleging that he had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed by Chance Lead, Man Guifu and the previous shareholders of Beihai Perfuming Garden in February 2010 (the “**Arrangements**”); and
- (iv) the Company was made aware of a court order in the PRC requiring Tianyang Perfuming Garden Food Industrial Co., Ltd.* (田陽果香園食品工業有限公司) (“**Tianyang Perfuming Garden**”), a PRC subsidiary of the Company (and of the Disposal Company), to repay a loan of RMB17 million and the interests in arrears. Tianyang Perfuming Garden had allegedly entered into a loan facility agreement with a person named Xue Zhen* (薛珍) (“**Xue Zhen**”) on 1 June 2016 in respect of a loan amounting to RMB17 million with interest rate at 6% per annum and had allegedly pledged two pieces of land to Xue Zhen as security for the loan (the “**Tianyang Perfuming Garden Proceeding**”) (hereinafter, the Tianyang Perfuming Garden Proceeding, together with the other assertions and allegations referred to in sub-paragraphs (i) to (iii) above, are collectively referred to as the “**Allegations**”).

Upon our further inquiries, we were informed that the directors of the Company had sought, but were unable, to gain access to the books and records of Beihai Perfuming Garden, Tianyang Perfuming Garden and all the other PRC subsidiaries of the Disposal Company (the “**PRC Subsidiaries**”). Further, the management of the PRC Subsidiaries did not respond to the requests of the directors of the Company for additional information and explanations relating to the subject matters of the Allegations.

Under the circumstances as described above, we have not been able to assess the effects of the matters to which the Allegations relate. There were no alternative procedures that we could perform to satisfy ourselves as to the causes and effects of the alleged discrepancies and other matters which are the subject matters of the Allegations, and their implications and impacts on the elements presented in the Financial Information of the Disposal Group for the Relevant Periods. In particular, we were unable to assess (i) whether there were problematic transactions and balances that caused, or were caused by, the alleged discrepancies and other matters which are the subject matters of the Allegations and if there were, whether these were appropriately reflected in the Financial Information for the respective financial years/periods to which they relate; (ii) the nature, extent and validity of the problematic transactions and balances, if any, and the reasons why they arose; (iii) whether there were any contingent or unrecorded liabilities arising from the problematic transactions and balances, if any, including penalties and other financial consequences from breaches of laws and regulations; and (iv) whether there were any problematic transactions and balances involving related parties but which had not been identified by the management of the Disposal Group. These scope limitations also impacted on our ability to determine the reliability of the management representations received by us as evidence for our review. Any adjustments found to be required may have consequential significant effects on the elements in the Financial Information for the Relevant Periods and hence on the net liabilities of the Disposal Group as at 30 June 2016, 2017, 2018 and 31 December 2018 and the loss or profit and other comprehensive expense or income and cash flows of the Disposal Group for the Relevant Periods.

Given the inability of the management of the Company to gain access to the complete books and records of the PRC Subsidiaries or to obtain explanations and information from the management of these subsidiaries (hereinafter, together with the incidents relating to the Allegations, are collectively referred to as the “**Incidents**”), the board of directors of the Company (the “**Board**”) considered that the Group (and hence also the Disposal Group) did not have the necessary information about the transactions and account balances of the PRC Subsidiaries for inclusion of these entities in the Financial Information of the Disposal Group for the Relevant Periods and subsequent financial years. Accordingly, the Board had determined that the PRC subsidiaries (the “**Deconsolidated Subsidiaries**”) shall be deconsolidated from the Financial Information of the Disposal Group with effect from 1 July 2015.

The deconsolidation of the Deconsolidated Subsidiaries resulted in a loss on deconsolidation of approximately RMB1,511,938,000, representing the carrying amounts of the net assets of the Deconsolidated Subsidiaries, less the related non-controlling interests, as at 1 July 2015 as included in the management accounts of the Deconsolidated Subsidiaries used in the preparation of the consolidated financial statements of the Group for the year ended 30 June 2015. Included in this loss amount of approximately RMB1,511,938,000 was related to the Disposal Group, and which includes the effects of the Incidents which as at the date of this circular are still unascertained, has been recognised as “loss arising from the Incidents” in the Financial Information for the year ended 30 June 2016.

The deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015 also resulted in the exclusion of the assets, liabilities, revenue, income, expenses, and cash flows of the Deconsolidated Subsidiaries from the Financial Information of the Disposal Group for the Relevant Periods. Except possibly in the case of Beihai Perfuming Garden and its subsidiaries (see the next sub-paragraph below), this accounting outcome is a departure from the requirements of International Financial Reporting Standard (“**IFRS**”) 10 “Consolidated Financial Statements”, which requires all subsidiaries controlled by the Disposal Company and its subsidiaries to be included in the Financial Information of the Disposal Group. The facts and circumstances described above do not show that the Disposal Group had lost control over the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) with effect from 1 July 2015. Accordingly, under IFRS 10, the Disposal Company should have consolidated the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) in its Financial Information for the Relevant Periods. Had these subsidiaries been consolidated, many elements in the Financial Information of the Disposal Group for the Relevant Periods would have been materially affected. However, as stated above, we have not been able to assess the effects of the matters to which the Allegations relate, including the effects of the Incidents. Accordingly, the effects on the Financial Information of the Disposal Group of the failure to consolidate the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) could not be determined.

In the case of the deconsolidation of Beihai Perfuming Garden and its subsidiaries, we have not been able to assess the effects of the matters to which the allegations described in sub-paragraph (a)(iii) above relate. There were no alternative procedures that we could perform to assess the causes and effects of these alleged matters and their implications and impacts on the elements presented in the Financial Information of the Disposal Group for the Relevant Periods. In particular, we were unable to assess whether Man Guifu had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements.

If Man Guifu did have such right, the existence of the potential voting right might cause Beihai Perfuming Garden and its subsidiaries to be controlled by Man Guifu rather than by the Disposal Company and hence in such circumstances, Beihai Perfuming Garden and its subsidiaries should not be included in the Financial Information of the Disposal Group as they would then not be subsidiaries of the Disposal Company. However, we were unable to perform procedures to assess whether Beihai Perfuming Garden and its subsidiaries were subsidiaries of the Disposal Company during the Relevant Periods. Hence, we were unable to satisfy ourselves about the validity and appropriateness of treating Beihai Perfuming Garden and its subsidiaries as subsidiaries of the Disposal Company until the effective date of the deconsolidation and conversely, of deconsolidating Beihai Perfuming Garden and its subsidiaries with effect from 1 July 2015. Any adjustments found to be required may have consequential significant effects on the elements in the Financial Information for the Relevant Periods and hence on the net liabilities of the Disposal Group as at 30 June 2016, 2017, 2018 and 31 December 2018 and the loss or profit and other comprehensive expense or income and cash flows of the Disposal Group for the Relevant Periods.

b) Compliance with IFRSs and applicable laws and regulations

The Financial Information of the Disposal Group have been prepared by the directors of the Company under the circumstances of limited financial information concerning the books and records of the Deconsolidated Subsidiaries and the lack of response from management of the Deconsolidated Subsidiaries to the requests for information and explanations concerning the books and records of the Deconsolidated Subsidiaries. The Board believed it was not practicable to ascertain the correct amounts and balances of the Deconsolidated Subsidiaries for inclusion in the Financial Information.

As disclosed in note 2 to the Financial Information, Man Guifu requested Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements. We have been unable to assess the validity of the Arrangements, which allegedly had been in existence since February 2010, including the validity of the commercial terms arrived at under the Arrangements and whether Man Guifu and the previous shareholders of Beihai Perfuming Garden were related to related parties of the Disposal Group in accordance with IAS 24 or connected parties as defined under the Listing Rules. In addition, the Company was made aware of a PRC court order requiring Tianyang Perfuming Garden to repay a loan of RMB17 million and the interests in arrears pursuant to a loan facility agreement dated 1 June 2016 entered into with a person called Xue Zhen. We have been unable to assess the validity of the loan facility agreement, including the validity of the commercial terms arrived at under the loan facility agreement, and whether the lender Xue Zhen was related to related parties of the Disposal Group as defined under IAS 24 or connected parties as defined under the Listing Rules.

The matters described above also caused the Board to believe it was unable to assert that the consolidated financial statements of the Group for the financial years ended 30 June 2016, 2017 and 2018 complied with IFRSs, or that the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules had been complied with.

Further, due to the lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have not been able to assess whether there was non-compliance with applicable laws and regulations by the Deconsolidated Subsidiaries and hence about the completeness of any actual or contingent liabilities in the Financial Information. There were no practicable alternative procedures that we could perform to satisfy ourselves as to these matters. Any adjustments found to be necessary may have a consequential significant effect on the net liabilities of the Disposal Group as at 30 June 2016, 2017, 2018 and 31 December 2018 and of the loss or profit and other comprehensive expense or income and cash flows of the Disposal Group for the years/periods in the Relevant Periods.

c) Amounts due to the Deconsolidated Subsidiaries

The Disposal Group recorded (i) amounts due to the Deconsolidated Subsidiaries of approximately RMB206,442,000, RMB206,442,000, RMB571,442,000 and RMB571,442,000 as at 30 June 2016, 2017, 2018 and 31 December 2018; (ii) gain on exchange difference arising from translation of the amount due to the Deconsolidated Subsidiaries of approximately RMB6,665,000 and RMB7,940,000 for the year ended 30 June 2016 and for the six months ended 31 December 2018; and (iii) loss on exchange difference arising from translation of the amount due to the Deconsolidated Subsidiaries of approximately RMB1,550,000 and RMB2,121,000 for the years ended 30 June 2017 and 2018. As further disclosed in note 2 to the Financial Information, the directors of the Company have been unable to gain access to complete books and records of the Deconsolidated Subsidiaries and have been unable to obtain information and explanations from the management of the Deconsolidated Subsidiaries on matters concerning the books and records of the Deconsolidated Subsidiaries. Due to these factors, we have not been able to assess the validity and completeness of the amounts due to the Deconsolidated Subsidiaries as at 30 June 2016, 2017, 2018 and 31 December 2018 and the gain/loss on the exchange difference arising from translation of the amount due to the Deconsolidated Subsidiaries for the years ended 30 June 2016, 2017, 2018 and for the six months ended 31 December 2018 and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the Relevant Periods which had not been accounted for in accordance with the requirements of applicable IFRSs and which had not been disclosed or transacted in compliance with the Listing Rules. There were no alternative procedures that we could perform to satisfy ourselves about the amounts due to the Deconsolidated Subsidiaries and the gain/loss on exchange difference arising from translation of the amount due to the Deconsolidated Subsidiaries. Any adjustments found to be required may have consequential significant effects on the balances of the amounts due to the Deconsolidated Subsidiaries, the recorded amounts and classification of the relevant transactions with the Deconsolidated Subsidiaries as at and for the Relevant Periods and other elements in the Financial Information for the Relevant Periods and hence on the net liabilities of the Disposal Group as at 30 June 2016, 2017, 2018 and 31 December 2018 and loss or profit and other comprehensive expense or income and cash flows of the Disposal Group for the years/periods in the Relevant Periods.

d) Going concern basis of accounting

As disclosed in note 2 to the Financial Information, (i) the Disposal Group incurred a loss attributable to the owners of the Company of approximately RMB1,505,720,000, RMB1,668,000 and RMB2,847,000 for the years ended 30 June 2016, 2017 and 2018 respectively and the Disposal

Group's total liabilities exceeded its total assets by approximately RMB291,277,000, RMB292,023,000, RMB290,627,000 and RMB294,276,000 as at 30 June 2016, 2017, 2018 and 31 December 2018 respectively; and (ii) the Company's shares have been suspended from trading on The Stock Exchange of Hong Kong Limited with effect from 29 September 2016. The directors of the Company and the Disposal Company were also unable to represent that all present and contingent liabilities of the Disposal Group have been completely identified. Any adjustments found to be necessary to the Disposal Group's results for the Relevant Periods and closing balances of its assets and liabilities as at 30 June 2016, 2017, 2018 and 31 December 2018 of the matters described in the paragraphs above may cause the operating results, liquidity position and financial position of the Disposal Group as presented in the Financial Information for the Relevant Periods to be adversely affected. These conditions indicate the existence of material uncertainties which may cast significant doubts about the Disposal Group's ability to continue as a going concern. Notwithstanding the abovementioned, the Financial Information have been prepared on a going concern basis, the validity of which depends upon the Disposal Group's ability to successfully operate of the Disposal Group's future business and generate adequate cash flows. As of the date of this circular, we have not obtained the Disposal Group's cash flows forecast, including related detailed reasonable and supportable bases for the underlying data and assumptions, to support the use of the going concern basis of preparation of the Financial Information. Because of the significance of these matters, we were unable to assess whether the use of going concern assumption in the preparation of the Financial Information was appropriate. Should the Disposal Group be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the carrying values of the Disposal Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

Disclaimer of Conclusion on the financial information as of and for the years ended 30 June 2016, 2017, 2018 and for the six months ended 31 December 2017 and 2018

Because of the significance of the matters described in the *Basis for Disclaimer of Conclusion* section of our report, we do not express a conclusion on the Financial Information for the Relevant Periods.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467
Hong Kong
17 April 2019

APPENDIX II FINANCIAL INFORMATION OF DISPOSAL GROUP

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Financial Information which forms an integral part of this accountants' report.

The Financial Information is based upon the financial statements of the Disposal Group for the Relevant Periods, on which HLB Hodgson Impey Cheng Limited expressed disclaimer of conclusion in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA.

The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 30 June			For the six months ended	
				31 December	
	2016	2017	2018	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other income	6,665	3	–	–	7,940
Loss arising from the Incidents	(1,511,938)	–	–	–	–
General and administrative expenses	(447)	(1,671)	(2,847)	(480)	(436)
	<u>(1,505,720)</u>	<u>(1,668)</u>	<u>(2,847)</u>	<u>(480)</u>	<u>7,504</u>
(Loss)/profit before tax	(1,505,720)	(1,668)	(2,847)	(480)	7,504
Income tax expense	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
(Loss)/profit for the year/period attributable to owners of the Disposal Company	<u>(1,505,720)</u>	<u>(1,668)</u>	<u>(2,847)</u>	<u>(480)</u>	<u>7,504</u>
Other comprehensive income (expense)					
Items that may be reclassified subsequently to profit or loss					
– Exchange differences on translation of financial statements of foreign operations, net of tax	(20,990)	922	4,243	3,328	(11,153)
	<u>(20,990)</u>	<u>922</u>	<u>4,243</u>	<u>3,328</u>	<u>(11,153)</u>
Total comprehensive (loss)/income attributable to owners of the Disposal Company	<u>(1,526,710)</u>	<u>(746)</u>	<u>1,396</u>	<u>2,848</u>	<u>(3,649)</u>

APPENDIX II	FINANCIAL INFORMATION OF DISPOSAL GROUP
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2016	30 June 2017	2018	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets				
Property, plant and equipment	390	325	–	–
	390	325	–	–
Current assets				
Amount due from ultimate holding company	3,227	3,239	–	–
Amount due from immediate holding company	–	–	280,775	277,425
Cash and cash equivalents	423	391	40	11
	3,650	3,630	280,815	277,436
Total assets	4,040	3,955	280,815	277,436
Equity and liabilities				
Equity				
Share capital	1	1	1	1
Reserves	(291,278)	(292,024)	(290,628)	(294,277)
Capital deficiency	(291,277)	(292,023)	(290,627)	(294,276)
Liabilities				
Current liabilities				
Other payables	–	–	–	270
Amounts due to the Deconsolidated Subsidiaries	206,442	206,442	571,442	571,442
Amount due to immediate holding company	88,875	89,536	–	–
Total liabilities	295,317	295,978	571,442	571,712
Total liabilities, net of capital deficiency	(4,040)	(3,955)	(280,815)	(277,436)
Net current liabilities	(291,667)	(292,348)	(290,627)	(294,276)
Total assets less current liabilities	(291,277)	(292,023)	(290,627)	(294,276)

APPENDIX II	FINANCIAL INFORMATION OF DISPOSAL GROUP
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Disposal Company				Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Exchange reserve RMB'000	
Balance at 1 July 2015	1	27,071	1,185,621	22,740	1,235,433
Loss for the year	–	–	(1,505,720)	–	(1,505,720)
Other comprehensive loss					
Exchange difference on translation of financial statements of foreign operations	–	–	–	(20,990)	(20,990)
Total comprehensive loss for the year	–	–	(1,505,720)	(20,990)	(1,526,710)
Balance at 30 June 2016 and 1 July 2016	1	27,071	(320,099)	1,750	(291,277)
Loss for the year	–	–	(1,668)	–	(1,668)
Other comprehensive income					
Exchange difference on translation of financial statements of foreign operations	–	–	–	922	922
Total comprehensive (loss)/income for the year	–	–	(1,668)	922	(746)
Balance at 30 June 2017 and 1 July 2017	1	27,071	(321,767)	2,672	(292,023)
Loss for the year	–	–	(2,847)	–	(2,847)
Other comprehensive income					
Exchange difference on translation of financial statements of foreign operations	–	–	–	4,243	4,243
Total comprehensive (loss)/income for the year	–	–	(2,847)	4,243	1,396

APPENDIX II	FINANCIAL INFORMATION OF DISPOSAL GROUP
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	Attributable to owners of the Disposal Company				Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Exchange reserve RMB'000	
Balance at 30 June 2018 and 1 July 2018	1	27,071	(324,614)	6,915	(290,627)
Profit for the period	–	–	7,504	–	7,504
Other comprehensive loss					
Exchange difference on translation of financial statements of foreign operations	–	–	–	(11,153)	(11,153)
Total comprehensive income/(loss) for the period	–	–	7,504	(11,153)	(3,649)
Balance at 31 December 2018	1	27,071	(317,110)	(4,238)	(294,276)
Balance at 1 July 2017	1	27,071	(321,767)	2,672	(292,023)
Loss for the period	–	–	(480)	–	(480)
Other comprehensive income					
Exchange difference on translation of financial statements of foreign operations	–	–	–	3,328	3,328
Total comprehensive (loss)/income for the period	–	–	(480)	3,328	2,848
Balance at 31 December 2017	1	27,071	(322,247)	6,000	(289,175)

APPENDIX II FINANCIAL INFORMATION OF DISPOSAL GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 30 June			For the six months ended 31 December	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000
Cash flows from operating activities					
(Loss)/profit before taxation	(1,505,720)	(1,668)	(2,847)	(480)	7,504
Adjustment for:					
Depreciation of property, plant and equipment	19	65	46	46	–
Loss arising from the Incidents	1,511,938	–	–	–	–
Operating cash flows before movements in working capital	6,237	(1,603)	(2,801)	(434)	7,504
Increase in other payables	–	–	–	–	270
Net cash generated from/(used in) operating activities	6,237	(1,603)	(2,801)	(434)	7,774
Investing activities					
Proceeds from disposal of property, plant and equipment	278	–	–	–	–
Net cash generated from investing activities	278	–	–	–	–
Financing activities					
(Increase)/decrease in amount due from ultimate holding company	(3,347)	(12)	3,239	3,239	–
Increase in amount due to the Deconsolidated Subsidiaries	8,274	–	–	–	–
Increase in amount due to immediate holding company	6,316	661	–	–	–
(Increase)/decrease in amount due from immediate holding company	–	–	(5,032)	(6,277)	3,350
Net cash generated from/(used in) financing activities	11,243	649	(1,793)	(3,038)	3,350
Net increase/(decrease) in cash and cash equivalents	17,758	(954)	(4,594)	(3,472)	11,124
Effect on foreign exchange rate changes	(20,990)	922	4,243	3,328	(11,153)
Cash and cash equivalents at the beginning of the reporting period	3,655	423	391	391	40
Cash and cash equivalents at the end of the reporting period	423	391	40	247	11

NOTES TO THE FINANCIAL INFORMATION OF THE DISPOSAL GROUP

For each of the years ended 30 June 2016, 2017, 2018 and six months ended 31 December 2018

1. GENERAL INFORMATION

BPG Food & Beverage Holdings Ltd. (the “**Disposal Company**”) is incorporated in the Cayman Islands. The address of the Disposal Company’s registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The principal place of business of the Disposal Company is located at 1/F., Ching Cheong Industrial Building, 1-7 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong. The immediate holding company of the Disposal Company is A-One Success Limited. In the opinion of the directors of the Disposal Company, the ultimate holding company of the Disposal Company is Asian Citrus Holdings Limited.

The Disposal Company and its subsidiaries (collectively, the “**Disposal Group**”) are principally engaged in the manufacture and sale of fruit juice concentrates, fruit purees, frozen fruit and vegetables.

2. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEx**”) and is prepared by the directors of the Company solely for the purpose of inclusion in this circular. It does not contain sufficient information to constitute a complete set of financial statements as described in International Accounting Standard (“**IAS**”) 1 “Presentation of Financial Statements” nor a set of condensed financial statements as defined in IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. It should be read in connection with the annual report of Asian Citrus Holdings Limited (the “**Company**”) for the year ended 30 June 2018. The Company and its subsidiaries are collectively referred to as the “**Group**”.

The functional currency of the Disposal Group is Hong Kong dollar and the Financial Information are presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand (RMB’000) except otherwise indicated.

During the audit process in respect of the consolidated financial statements of the Group for the year ended 30 June 2016, HLB Hodgson Impey Cheng Limited, the auditors of the Company, (the “**Auditors**”) reported to the Company that it has received written correspondence which appeared to be sent by a person named Chen Deqiang* (陳德強) (“**Chen Deqiang**”), who is a finance manager of certain PRC subsidiaries of the Company (and of the Disposal Company) and asserted in the correspondence that he was acting on behalf of Man Guifu* (滿桂富) (“**Man Guifu**”), who is (1) a minority shareholder, director and general manager of Beihai Perfuming Garden Juice Co., Ltd.* (北海市果香園果汁有限公司) (“**Beihai Perfuming Garden**”), a PRC subsidiary of the Company (and of the Disposal Company); and (2) holders of positions in some other PRC subsidiaries of the Company (and of the Disposal Company) and indicated to the Auditors that certain amounts or balances in the internal records of certain customers and suppliers did not correspond to the internal records of Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司) for the year ended 30 June 2016 (“**Chen Deqiang’s Allegation**”). Further details are disclosed in the Company’s announcement dated 29 September 2016.

After that, at the request of a man who claimed to be Man Guifu’s representative, the Auditors have arranged to meet Man Guifu in the office of the Auditors’ legal adviser (the “**Meeting**”). A man who claimed to be Man Guifu attended the Meeting and asserted to the Auditors that there were inaccuracies in the books and records of certain subsidiaries of the Company and the Disposal Company and provided to the Auditors documents purporting to be copies of bank statements for the period from 1 January 2016 to 30 June 2016 of Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) (“**Lucky Team Hepu**”), a PRC subsidiary of the Company (“**Man Guifu’s Allegation**”).

In June 2017, the Company and the Disposal Company were made aware of service of proceedings from a court in the PRC whereby Man Guifu had commenced legal proceedings against Chance Lead Holdings Limited (“**Chance Lead**”), a subsidiary of the Company and the Disposal Company and the immediate holding company of Beihai Perfuming Garden, alleging that he had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed by Chance Lead, Man Guifu and the previous shareholders of Beihai Perfuming Garden in February 2010 (the “**Arrangements**”). Furthermore, the Company and the Disposal Company were made aware of a court order in the PRC requiring Tianyang Perfuming Garden Food Industrial Co., Ltd.* (田陽果香園食品工業有限公司)

(“**Tianyang Perfuming Garden**”), a PRC subsidiary of the Company and the Disposal Company, to repay a loan of RMB17 million and the interest in arrears. Based on the court documents received, the directors of the Company and the Disposal Company understood the allegations to be that Tianyang Perfuming Garden had allegedly entered into a loan facility agreement with a person called Xue Zhen* (薛珍) on 1 June 2017 in respect of a loan which amounted to RMB17 million with interest rate of 6% per annum. It is alleged that such loan and the interests were due for repayment. It is further alleged that Tianyang Perfuming Garden had also pledged two pieces of land to Xue Zhen as security for the loan but such pledge had not been registered with the PRC authorities (the “**Tianyang Perfuming Garden Proceeding**”) (hereinafter, the Arrangements, the Tianyang Perfuming Garden Proceeding, Chen Deqiang’s Allegation and Man Guifu’s Allegation are collectively referred to as the “**Allegations**”). The board of directors of the Company and the Disposal Company (the “**Board**”) had, since becoming aware of the legal proceedings, made enquiries with Tianyang Perfuming Garden in connection with information related to this loan, but up to the date of approval of the Financial Information, Tianyang Perfuming Garden (which to the Company and the Disposal Company’s knowledge its senior management includes Huang Xin, Pang Yi, Man Guifu and Wang Jia Yi) has not responded nor cooperated. The Company and the Disposal Company had also instructed its PRC legal advisers to attend the office of Tianyang Perfuming Garden to exercise its shareholders’ right and make enquiries. Nevertheless, the management of Tianyang Perfuming Garden refused to cooperate. Further details are disclosed in the Company’s announcement dated 30 June 2017.

As a result of the above, the Group’s consolidated financial statements for the year ended 30 June 2016 were not available for publication by 30 September 2016, being the time by which the Company was obliged to make such publication under the Listing Rules and Alternative Investment Market (“**AIM**”) Rules for companies governing the admission to and operation of AIM published by the London Stock Exchange. Consequently, the shares of the Company were suspended from trading on the HKEx and the AIM with effect from 29 September 2016 (Hong Kong time) and 28 September 2016 (UK time) respectively. As disclosed in the Company’s announcement dated 27 March 2017, the London Stock Exchange would cancel the admission of AIM securities where these securities had been suspended from trading for 6 months and as such the Company’s shares were cancelled from trading on AIM with effect from 29 March 2017, being the date that is 6 months from the date when the shares were initially suspended.

The directors of the Company and the Disposal Company have initiated and tried to establish communication with Man Guifu and Chen Deqiang as well as other senior management of the subsidiaries of the Company and the Disposal Company established in the PRC (except for Guangzhou Asian Citrus Investment Consulting Co., Ltd.* (廣州市亞機果投資諮詢有限公司), which was established by the Group on 21 January 2016) (the “**PRC Subsidiaries**”) with a view to clarify details in connection with the Allegations. The Group (including the Disposal Group) had initiated formal legal procedures to change the relevant senior management members of the PRC Subsidiaries. After taking legal advice from a PRC lawyer, the Group (including the Disposal Group) considered that the implementation of such changes may take a prolonged time and cause undue delay. Up to the date of approval of the Financial Information, (i) the Group and the Disposal Group have not yet received any of the requested information from Man Guifu and Chen Deqiang in respect of the Allegations which are required for the proper finalisation of the Financial Information of the Disposal Group; and (ii) the relevant legal procedures to change the senior management members of the PRC subsidiaries are still in progress. Further details are disclosed in the Company’s announcements dated 8 November 2016, 8 December 2016, 6 January 2017, 27 January 2017, 27 February 2017, 15 March 2017, 27 March 2017, 30 June 2017 and 29 September 2017.

The Board believes that the occurrence of the Allegations and the inability of the management of the Group and the Disposal Group to gain access to the complete books and records of the PRC Subsidiaries or to obtain explanations and information from the management of the PRC Subsidiaries (hereinafter, together with the incidents relating to the Allegations, are collectively referred to as the “**Incidents**”) have adversely affected the normal operations of the Group and the Disposal Group and are against the interests of the shareholders of the Company.

Given the circumstances that the directors of the Company and the Disposal Company have not been able to have access to complete books and records of the PRC Subsidiaries and in the absence of Man Guifu, Chen Deqiang and the management of the PRC Subsidiaries to explain and validate the true state of the affairs of the PRC Subsidiaries as at the end of the Disposal Group’s financial reporting periods subsequent to 30 June 2015 and their financial performance for the financial years/periods then ended, the directors of the Company and the Disposal Company considered it would be extremely difficult and time consuming to ascertain the true and correct financial position and profit or loss as of and for these financial years/periods for the Disposal Group on a consolidated basis or to obtain sufficient documentary information to satisfy themselves regarding the treatment of the transactions during these financial years/periods and various balances of the Disposal Group and the PRC Subsidiaries as at the end of these financial years/periods. As of the date of approval of the Financial Information of the Disposal Group, the

directors of the Company and the Disposal Company are satisfied that the Disposal Group has used its best efforts, to the extent commercially practicable, to attempt to obtain the accounting records of the PRC Subsidiaries for these financial years/periods, applying the best estimates and judgement based on the information of the Disposal Group that are available to the directors of the Company and the Disposal Company. In the opinion of the Board, any reconstruction of the correct accounting records would be impracticable as it will be necessary to verify the information with external and independent sources and such sources may not be available or may be unreliable due to their connections with the management of the PRC Subsidiaries or those responsible for the Financial Information within and outside of the Disposal Group.

Given these circumstances, the Board has not consolidated the financial statements of the PRC Subsidiaries (hereinafter referred to as the “**Deconsolidated Subsidiaries**”) with effect from 1 July 2015. As such, the results, assets and liabilities of the Deconsolidated Subsidiaries have not been included into the Financial Information of the Disposal Group since 1 July 2015. The deconsolidation of the Deconsolidated Subsidiaries resulted in a loss of approximately RMB1,511,938,000, which was determined based on the carrying amounts of the assets and liabilities of the Deconsolidated Subsidiaries brought forward as at 1 July 2015. This loss had been recognised in the consolidated statement of profit or loss of the Disposal Group for the year ended 30 June 2016 and presented as loss arising from the Incidents.

In the opinion of the directors of the Company and the Disposal Company, the Financial Information of the Disposal Group as at and for the years ended 30 June 2016, 2017, 2018 and for the six months ended 31 December 2017 and 2018 prepared on the aforementioned basis is the most appropriate and practical way of presenting the results and state of affairs of the Disposal Group as the directors of the Company and the Disposal Company were unable to obtain sufficient documentary information to satisfy themselves regarding the transactions and balances related to the Deconsolidated Subsidiaries. However, the deconsolidation of the Deconsolidated Subsidiaries is not in compliance with the requirements of International Financial Reporting Standard (“**IFRS**”) 10 “Consolidated Financial Statements”. Given the abovementioned circumstances, the directors of the Company and the Disposal Company are unable to ascertain the impact of the Incidents with respect to the accounting records and transactions of the Deconsolidated Subsidiaries, if any, and hence how much of the reported loss arising from the Incidents related solely to the impact of deconsolidation of the Deconsolidated Subsidiaries.

Due to limited books of account and records available to the directors of the Company and the Disposal Company and the non-consolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015 for the same reasons as those stated above, the Board is unable to assert that all transactions entered into by the Disposal Group for the years ended 30 June 2016, 2017, 2018 and for the six months ended 31 December 2017 and 2018 have been properly reflected in the Financial Information.

As per assessment by the Board based on the information available at this stage, all identified and required adjustments have been put through in the Financial Information for the years ended 30 June 2016, 2017, 2018 and for the six months ended 31 December 2017 and 2018. Since the communication with Man Guifu and Chen Deqiang and formal legal procedures are still ongoing, any further adjustments and disclosures, if required, would be made in the Financial Information of the Disposal Group as and when the outcome of the above uncertainties is known and the consequential adjustments and disclosures are identified.

During the years ended 30 June 2016, 2017 and 2018, the Disposal Group incurred loss of approximately RMB1,505,720,000, RMB1,668,000 and RMB2,847,000 and incurred profit of approximately RMB7,504,000 during the six months ended 31 December 2018 and as of 30 June 2016, 2017, 2018 and 31 December 2018, the Disposal Group’s total liabilities exceeded its total assets by approximately RMB291,277,000, RMB292,023,000, RMB290,627,000 and RMB294,276,000. Following deconsolidation of the Deconsolidated Subsidiaries, net liabilities appeared on the Disposal Group’s consolidated statement of financial position. In addition, at the request of the Company, the trading of the shares of the Company on the HKEx was suspended with effect from 29 September 2016. The directors of the Company and the Disposal Company have been unable to represent that all present and contingent liabilities of the Disposal Group have been completely identified as abovementioned. These conditions indicate the existence of a material uncertainty which may cast significant doubts on the Disposal Group’s ability to continue as a going concern.

APPENDIX II FINANCIAL INFORMATION OF DISPOSAL GROUP

Notwithstanding the above circumstances, the Financial Information have been prepared on a going concern basis. The validity of the going concern basis is dependent upon the success of the Disposal Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due. In addition, a substantial shareholder of the Company has confirmed his intention to provide continuing financial support to the Disposal Group before disposal to enable it to continue as a going concern and to settle its liabilities as and when they fall due for the foreseeable future such that the Disposal Group can meet its future working capital and financing requirements.

Should the Disposal Group be unable to continue to operate as a going concern, adjustments would have to be made to the Financial Information to adjust the value of the Disposal Group's assets to their recoverable amounts, to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Financial Information.

** For identification purposes only*

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The accompanying unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group (collectively referred to as the “**Unaudited Pro Forma Financial Information**”) have been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effects upon Completion. Capitalised terms used herein have the same meaning as those defined in this circular unless the context otherwise requires.

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared based on the unaudited consolidated statement of financial position of the Group as at 31 December 2018 which has been extracted from the Group’s published interim report for the six months ended 31 December 2018 dated 28 February 2019, after taking into account the pro forma adjustments relating to the Disposal that are (i) clearly shown and explained; (ii) directly attributable to the Disposal and not relating to future events or decisions; and (iii) factually supportable, as explained in the accompanying notes, as if the Disposal had been completed on 31 December 2018.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 30 June 2018 which have been extracted from the Group’s audited consolidated financial statements for the year ended 30 June 2018 contained in the published annual report of the Company dated 29 September 2018, after taking into account the pro forma adjustments relating to the Disposal that are (i) clearly shown and explained; (ii) directly attributable to the Disposal and not relating to future events or decisions; and (iii) factually supportable, as explained in the accompanying notes, as if the Disposal had been completed on 1 July 2017.

The auditors’ report on the consolidated financial statements of the Group for the year ended 30 June 2018 contained a disclaimer of opinion as set out in the aforesaid annual report. Furthermore, the pro forma adjustments made in arriving at the Unaudited Pro Forma Financial Information were based on the financial information of the Disposal Group, on which the review report contained a disclaimer of conclusion as set out in Appendix II to the Circular.

The accompanying Unaudited Pro Forma Financial Information of the Remaining Group is prepared by the directors of the Company based on a number of assumptions, estimates, uncertainties and currently available information to provide information of the Remaining Group upon completion of the Disposal. As the Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position and results of the Remaining Group following the completion of the Disposal and does not purport to describe the actual results of operations, financial position and cash flows of the Remaining Group that would have been attained had the Disposal been completed on the dates indicated herein. Further, the accompanying Unaudited Pro Forma Financial

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Information of the Remaining Group does not purport to predict the future financial position, results of operations or cash flows of the Remaining Group after completion of the Disposal.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared in accordance with Rule 4.29 and paragraph 68(2)(a)(ii) of Chapter 14 of the Listing Rules. The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the financial information of the Group as set out in Appendix I to the circular, the information of the Disposal Group as set out in Appendix II to the circular and other financial information included elsewhere in the circular.

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE REMAINING GROUP**

	Unaudited consolidated statement of financial position of the Group as at 31 December 2018 <i>RMB'000</i> <i>(Note 1)</i>	Pro Forma Adjustments					Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2018 <i>RMB'000</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>		
Assets							
Non-current assets							
Property, plant and equipment	88,565					88,565	
Current assets							
Biological assets	12,574					12,574	
Inventories	6,210					6,210	
Trade and other receivables	4,329					4,329	
Cash and cash equivalents	21,069	(11)				21,058	
	44,182					44,171	
Total assets	132,747					132,736	
Equity and liabilities							
Equity							
Share capital	12,340					12,340	
Reserve	(466,615)	294,276	277,425	5,000	(1,500)	108,586	
Capital deficiency/equity	(454,275)					120,926	
Liabilities							
Current liabilities							
Trade and other payables	(587,022)	571,712		5,000	(1,500)	(11,810)	
Amount due to Disposal Group	–	(277,425)	277,425			–	
	(587,022)					(11,810)	
Total liabilities, net of capital deficiency	(132,747)					(132,736)	
Net current liabilities	(542,840)					32,361	
Total assets less current liabilities	(454,275)					120,926	

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR
THE REMAINING GROUP**

	Audited consolidated statement of profit or loss of the Group for the year ended 30 June 2018	Pro Forma Adjustments				Unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the year ended 30 June 2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	
Revenue	54,249					54,249
Other income	3,454					3,454
Cost of inventories used	(53,628)					(53,628)
Depreciation	(11,884)					(11,884)
Staff costs	(12,849)					(12,849)
Gain on disposal of the Disposal Group	–	294,695	277,425	5,000	(1,500)	575,620
Gain on bargain purchase	30,691					30,691
Loss arising from re-consolidation of a deconsolidation subsidiary	(231,718)					(231,718)
Gain arising from changes in fair value of biological assets less costs to sell	32,320					32,320
Distribution and other operating expenses	(5,234)					(5,234)
General and administrative expenses	(27,193)	2,847				(24,346)
Profit/(loss) before tax	(221,792)					356,675
Income tax expense	–					–
Profit/(loss) for the year	<u>(221,792)</u>					<u>356,675</u>
Profit/(loss) for the year attributable to owners of the Company	<u>(221,792)</u>	297,542	277,425	5,000	(1,500)	<u>356,675</u>

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE REMAINING GROUP**

	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 30 June 2018 RMB'000 (Note 1)	RMB'000 (Note 2)	Pro Forma Adjustments		RMB'000 (Note 5)	Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 30 June 2018 RMB'000
			RMB'000 (Note 3)	RMB'000 (Note 4)		
Profit/(loss) for the year	(221,792)	297,542	277,425	5,000	(1,500)	356,675
Other comprehensive income for the year						
Items that may be reclassified subsequently to profit or loss						
– Exchange differences on translation of financial statements of foreign operations, net of tax	<u>2,505</u>	(4,243)				<u>(1,738)</u>
Total comprehensive income/(loss) for the year attributable to owners of the Company	<u>(219,287)</u>	293,299	277,425	5,000	(1,500)	<u>354,937</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
REMAINING GROUP**

	Audited consolidated statement of cash flows of the Group for the year ended 30 June 2018	Pro Forma Adjustments				Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 30 June 2018
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)	RMB'000
Cash flows from operating activities						
Profit/(loss) before tax	(221,792)	297,542	277,425	5,000	(1,500)	356,675
Adjustments for:						
Interest income	(77)					(77)
Depreciation of property, plant and equipment	11,884	(46)				11,838
Gain arising from changes in fair value of biological assets less cost to sell	(32,320)					(32,320)
Gain on bargain purchase	(30,691)					(30,691)
Loss arising from re-consolidation of a deconsolidated subsidiary	231,718					231,718
Gain on disposal of the Disposal Group	–	(294,695)	(277,425)	(5,000)	1,500	(575,620)
Loss on disposal of property, plant and equipment	2					2
Operating cash flows before movement of working capital	(41,276)					(38,475)
Decrease in biological assets	34,548					34,548
Decrease in inventories	3,692					3,692
Increase in trade and other receivables	(2,342)					(2,342)
Increase in trade and other payables	21,561			(5,000)	1,500	18,061
Net cash generated from operating activities	16,183					15,484
Investing activities						
Net cash inflow on acquisition of a subsidiary	17,158					17,158
Net cash inflow on re-consolidation of a deconsolidated subsidiary	4,109					4,109
Purchase of property, plant and equipment	(1,483)					(1,483)
Proceeds from disposal of property, plant and equipment	30					30
Interest received	77					77
Net cash generated from investing activities	19,891					19,891
Financing activities						
Decrease in amount due from ultimate holding company	–	(3,239)				(3,239)
Increase in amount due from immediate holding company	–	5,032				5,032
Net cash generated from financing activities	–					1,793
Net increase in cash and cash equivalents	36,074					37,168
Effect on foreign exchange rate changes	2,124	(4,243)				(2,119)
Cash and cash equivalents at beginning of the year	16,545	(391)				16,154
Cash and cash equivalents at end of the year	54,743					51,203

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2018 as set out in the Company’s interim report for the six months ended 31 December 2018 and from the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 30 June 2018 as set out in the published annual report of the Company for the year ended 30 June 2018.
2. The adjustments represent (i) the exclusion of the assets and liabilities of the Disposal Group as at 31 December 2018, as if the Disposal had taken place on 31 December 2018 and (ii) the exclusion of the income and expenses and cash flows of the Disposal Group for the year ended 30 June 2018, as if the Disposal had taken place on 1 July 2017. These assets and liabilities, income and expenses and cash flows of the Disposal Group are extracted from the respective unaudited consolidated statement of financial position, unaudited consolidated statement of profit or loss and other comprehensive income and unaudited consolidated statement of cash flows of the Disposal Group included in the *Financial Information of the Disposal Group* set out in Appendix II to this circular.
3. The adjustments represent the pro forma effects of the transfer and novation of Assumed Debt to the Purchaser.

For the purpose of the Unaudited Pro Forma Financial Information, the Assumed Debt as at 31 December 2018 of approximately RMB277,425,000 would be used in the calculation of the financial effect under the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

4. The pro forma gain on the Disposal was estimated on the basis as if the Disposal had taken place on 31 December 2018 for the unaudited pro forma consolidated statement of financial position and on 1 July 2017 for the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows. The pro forma gain is calculated as follows:
 - (i) The total consideration for the Disposal of RMB5,000,000 is fully settled at the assumed date of the Disposal.
 - (ii) For the purpose of the unaudited pro forma consolidated statement of financial position, the pro forma gain upon completion of the Disposal, as if the Disposal has taken place as at 31 December 2018, is calculated as below:

	<i>RMB’000</i>
Total consideration for the Disposal (<i>Note 4(i)</i>)	5,000
Add: Net liabilities of the Disposal Group (<i>Note 2</i>)	294,276
Assumed Debt (<i>Note 3</i>)	277,425
Less: Release of exchange reserve attributable to the Disposal Group as at 31 December 2018 (<i>Note 4(iv)</i>)	(4,238)
	572,463
Less: Estimated transaction costs (<i>Note 5</i>)	(1,500)
Pro forma gain on the Disposal	570,963

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- (iii) For the purpose of the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, the pro forma gain upon completion of the Disposal, as if the Disposal has taken place as at 1 July 2017, is calculated as below:

	<i>RMB'000</i>
Total consideration for the Disposal (<i>Note 4(i)</i>)	5,000
Add: Net liabilities of the Disposal Group (<i>Note 2</i>)	292,023
Assumed Debt (<i>Note 3</i>)	277,425
Release of exchange reserve attributable to the Disposed Group as at 1 July 2017 (<i>Note 4(iv)</i>)	2,672
	577,120
Less: Estimated transaction costs (<i>Note 5</i>)	(1,500)
 Pro forma gain on the Disposal	 575,620

- (iv) The amounts represent exchange reserve of the Disposal Group to be released to profit or loss as if the Disposal had taken place on 31 December 2018 for the purpose of the unaudited pro forma consolidated statement of financial position or as if the Disposal had taken place on 1 July 2017 for the purpose of the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

5. The adjustment represents the provision for transaction cost for the Disposal of approximately RMB1,500,000.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

The following is the text of a report received from the reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this circular.



31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

TO THE BOARD OF DIRECTORS OF ASIAN CITRUS HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asian Citrus Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2018, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 30 June 2018, and related notes (the “**Unaudited Pro Forma Financial Information**”) and are set out in Appendix III of the circular issued by the Company (the “**Circular**”) in connection with the proposed disposal (the “**Disposal**”) of BPG Food & Beverage Holdings Ltd. and its subsidiaries (the “**Disposal Group**”) by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described in Appendix III of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Disposal on the Group's financial position as at 31 December 2018 and the Group's financial performance and cash flows for the year ended 30 June 2018 as if the Disposal had taken place as at 31 December 2018 and 1 July 2017 respectively. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's interim financial statements for the six months ended 31 December 2018, on which no audit or review report has been published; and information about the Group's financial performance and cash flows has been extracted by the directors of the Company from the Group's consolidated financial statements for the year ended 30 June 2018 on which the audit report contained a disclaimer of opinion as set out in Appendix I to the Circular.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We were engaged to conduct our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The purpose of Unaudited Pro Forma Financial Information included in this Circular is solely to illustrate the impact of Disposal on unadjusted financial information of the Group as if the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal as at 31 December 2018 or 1 July 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Disposal in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Emphasis of Matters

We draw attention to the section headed “Introduction” in the Unaudited Pro Forma Financial Information, which describes that the pro forma adjustments made in arriving at the Unaudited Pro Forma Financial Information were based on the financial information of the Disposal Group, on which the review report contained a disclaimer of conclusion as set out in Appendix II to the Circular. Our opinion is not modified in respect of this matter.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467
Hong Kong
17 April 2019

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules (the “**Model Code**”), were as follows:

Long position in the Shares

Name of Director/ Chief Executive	Class of Shares	Corporate interests	Approximate percentage of the issued share capital of the Company
Mr. Ng Ong Nee	Ordinary shares	179,252,394 <i>(Note)</i>	14.34%

Note:

The corporate interests of 179,252,394 shares are owned by Changjiang Tying Management Company Limited (“**Changjiang Tying**”), a company 50% owned by Mr. Ng Ong Nee, the Company’s Chairman, an Executive Director and the Chief Executive Officer

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at the Latest Practicable Date, the following person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares, which would fall to be disclosed under the provision of Division 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long position in the Shares and the underlying Shares

Name of shareholder	Number of Shares or underlying Shares	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
Changjiang Tyling (<i>Note</i>)	179,252,394	14.34%

Note:

Changjiang Tyling is 50% owned by Mr. Ng Ong Nee and 50% owned by a third party independent to the Company and its connected persons. Mr. Ng Ong Nee (who is also a director of Changjiang Tyling), the Chairman, an Executive Director and the Chief Executive Officer of the Company, is deemed to be interested in 179,252,394 shares held by Changjiang Tyling by virtue of the SFO.

Save as disclosed above, the Directors are not aware of any other persons or companies (other than the Directors and the chief executive of the Company) who/which had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Division 2 and 3 of Part XV of the SFO or were required to be entered in the register required to be kept by the Company under section 336 of the SFO.

3. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in any business which competes or is likely to compete directly or indirectly with the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors:

- (a) had any interest, direct or indirect, in any assets which have been, since 30 June 2018 (being the date to which the latest published audited accounts of the Group were made up to and including the Latest Practicable Date), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or
- (b) was materially interested in any contract or arrangement, subsisting at the Latest Practicable Date, which is significant in relation to the business of the Group.

6. LITIGATION

(a) Shareholders dispute relating to Beihai Perfuming Garden

In June 2017, the Company was made aware of a service of proceedings from a PRC court whereby Man Guifu had commenced legal proceedings against a subsidiary of the Company alleging that he had the right to require such subsidiary to transfer its 46.14% equity interest in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed by such subsidiary, Man Guifu and the original shareholders of Beihai Perfuming Garden in February 2010 (“**BPG Shareholders Dispute**”).

On or about 30 January 2018, the Group received three writs of summon issued by Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (the “Court”) (廣西壯族自治區北海市中級人民法院) on 10 January 2018 against (1) the Company, (2) BPG Food & Beverage Holdings Ltd. (果香園食品控股有限公司) and (3) Wealth Elite Investments Limited (鑫卓投資有限公司) requiring each such company to attend a court hearing scheduled on 13 March 2018 in respect of the BPG Shareholders Dispute.

On 13 March 2018, the representatives of the Group had attended a court hearing at the Court whereby the parties' submissions regarding the verification of evidence were heard. It was noted that further court procedures would be followed pursuant to the PRC laws.

In January 2019, the Company was notified of a judgment (the “**First Instance Judgment**”) issued by the Court, following a court hearing held on 20 December 2018, pursuant to which the court ruled, among others, that Man Guifu is entitled to 46.14% equity interests in Beihai Perfuming Garden held by Chance Lead (an indirect wholly-owned subsidiary of the Company), and that Chance Lead shall cooperate with Man Guifu to effect the equity transfer registration. As advised by the PRC legal adviser of the Company, the plaintiff or the defendant to the First Instance Judgment may submit a request for appeal within the prescribed time period (“**Appeal Period**”). If no appeal is filed within the Appeal Period, the First Instance Judgment shall have become effective following the lapse of the

Appeal Period. Given that the Company was not aware of the contractual arrangements giving rise to the BPG Shareholders Dispute, Chance Lead lodged a request for appeal of the ruling of the First Instance Judgment on 11 February 2019 and will continue to defend its position vigorously.

(b) Information rights proceedings relating to Tianyang Perfuming Garden

On 20 November 2017, the Company received a PRC court order (the “**TPG Order**”) made in the Group’s favor and against Tianyang Perfuming Garden, against which the Group had instituted legal proceedings to enforce its information rights as shareholder. Pursuant to the TPG Order, amongst others, Tianyang Perfuming Garden should, within 15 days of the order effective date which was the date when the 30 days’ period to appeal had lapsed since the date of receipt of the TPG Order by the last party (the “**Order Effective Date**”), produce the following:

- (i) for inspection and photocopying (for a period not more than 30 days) certain of its corporate records, including memorandum and articles of association and any amendments thereto, resolutions of the board of directors or any supervisory committee and financial reports; and
- (ii) for inspection only (for a period not more than 30 days) certain of its accounting books and records, ledgers, contracts, invoices, bank confirmations as at 30 June 2015, 30 June 2016, 31 December 2016 and 30 June 2017 and latest company credit status report.

It was further noted that there was a request for appeal of the TPG Order from Tianyang Perfuming Garden made on 18 December 2017. On 24 January 2018, the Company was made aware of an appeal hearing scheduled on 5 February 2018 and the representative of the Company had attended the appeal hearing held on that date.

Finally, on 19 April 2018, the PRC legal advisers of the Company received a judgment in respect of the appeal delivered by Guangxi Zhuang Autonomous Region Higher People’s Court (廣西壯族自治區高級人民法院) which stated that the court had (1) upheld the TPG Order, and (2) such judgement became final and conclusive.

(c) Information right proceedings relating to Beihai Perfuming Garden

On 26 June 2017, the PRC courts had formally accepted the Group’s application to commence formal legal proceedings to enforce its information rights as shareholder of Beihai Perfuming Garden.

On 18 January 2018, the Group received a court order (the “**BPG Order**”) made by Guangxi Zhuang Autonomous Region Beihai City Intermediate People’s Court (廣西壯族自治區北海市中級人民法院) of the PRC made in favor of the Group and against Beihai Perfuming Garden. Pursuant to the BPG Order, Beihai Perfuming Garden shall, within 30 days of the effective date of the BPG Order, produce the following to the Group and its legal advisers:

- (i) for inspection and photocopying (at the domicile of Beihai Perfuming Garden) its memorandum and articles of association and any amendments thereto,

resolutions of the board of directors or any supervisory committee, financial reports for a period prescribed in the BPG Order;

- (ii) for inspection only (at the domicile of Beihai Perfuming Garden) all of its accounting books and records (including general ledgers, detailed ledgers, daily ledgers and other supplemental ledgers) and accounting vouchers (including bookkeeping vouchers, related original vouchers and relevant information in respect of the source documents for entry bookkeeping) for a period prescribed in the BPG Order; and
- (iii) for inspection only (at the domicile of Beihai Perfuming Garden) all of its original bank account transaction statements, bank confirmations as at 30 June 2015 and 30 June 2016, 31 December 2016 and 30 June 2017, the latest company credit status report, all documents related to the sales and merchandise transactions (including all types of contract, invoices, delivery acknowledgement receipts and receipts) for a period prescribed in the BPG Order.

Pursuant to the BPG Order, the PRC court rejected the Group's request for the production of certain accounting records of Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司) and Beihai Super Fruit Co., Ltd.* (北海盛果商貿有限公司) (both subsidiaries of Beihai Perfuming Garden) on the basis that the claimant being only a shareholder of Beihai Perfuming Garden and had no ground to request such subsidiaries of Beihai Perfuming Garden to produce to it the requested records.

However, in early February 2018, the Group lodged a request for appeal of the rulings of the BPG Order (the "**BPG Information Right Appeal**") which was transferred to Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) for processing. On 27 April 2018, the Company was made aware of an appeal hearing scheduled to take place on 16 May 2018 and the representative of the Company had attended the appeal hearing held on that date. On 29 June 2018, the PRC legal advisers of the Company received a judgment in respect of the BPG Information Right Appeal delivered by Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) which stated that the court had (1) upheld the BPG Order, and (2) the judgement should be final and conclusive.

(d) Contractual dispute relating to Tianyang Perfuming Garden

In May 2017, the Group was informed that Tianyang Perfuming Garden was involved in a PRC court proceeding in which it was alleged to have defaulted in the payment of RMB3,717,017.28 for certain construction works and overdue interests of RMB340,674.95. Prior to May 2017, the Group was not made aware of any reports in respect of such court proceeding. The Company had since taken actions to request for the inspection of the accounting books and records of Tianyang Perfuming Garden in order to better understand its operations but has not received any response.

Subsequently, the Group was informed that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) had issued a judgment

ordering Tianyang Perfuming Garden to pay damages and interests to the claimant and had further issued a notice on 12 January 2018 in respect of execution of the order (the “**First TPG Judgement**”). The Company’s PRC legal advisers advised the Group that upon issue of such notice, the court would initiate the process of seizure of the funds and assets of Tianyang Perfuming Garden and proceed with any other necessary recovery actions.

In late February 2018, it was noted that Tianyang Perfuming Garden had been served with a service of proceeding from Guangxi Zhuang Autonomous Region Tianyang County People’s Court (廣西壯族自治區田陽縣人民法院) whereby the same claimant under the First TPG Judgment has commenced a legal proceeding against Tianyang Perfuming Garden alleging that it had defaulted in the payment of RMB836,590.46 together with interests for the same construction work. A hearing required the attendance of Tianyang Perfuming Garden was scheduled in late March 2018.

In May 2018, the Group was informed that Guangxi Zhuang Autonomous Region Tianyang County People’s Court (廣西壯族自治區田陽縣人民法院) had issued an order ordering Tianyang Perfuming Garden to make a payment in the amount of RMB669,272.37, together with interests, to the aforesaid claimant (the “**Second TPG Judgement**”). The Second TPG Judgement was subject to the requests for appeal by either party within the prescribed time limit under the PRC laws.

In June 2018, the senior management of Tianyang Perfuming Garden reported that the relevant PRC court had issued judgments ordering the freezing of a bank account held by Tianyang Perfuming Garden in respect of the First TPG Judgment, and the inclusion of Tianyang Perfuming Garden in the “List of Dishonest Persons subject to Enforcement” of the Supreme People’s Court.

(e) Repayment of loan and interest in arrears relating to Tianyang Perfuming Garden

The Company was made aware of a PRC court order requiring Tianyang Perfuming Garden to repay a loan of RMB17 million together with interest in arrears. Pursuant to the court documents received, the Group understood the allegation related to the fact that Tianyang Perfuming Garden had entered into a loan facility agreement with a person called Xue Zhen* (薛珍) on 1 June 2016 in respect of a loan in the amount of RMB17 million with interest rate of 6% per annum. It was alleged that such loan together with interests thereof were due for repayment. It was further alleged that Tianyang Perfuming Garden had also pledged two pieces of land to Xue Zhen as security for the loan but such pledge had not been registered with the relevant PRC authorities. The Company had, since becoming aware of the legal proceedings, made enquiries with Tianyang Perfuming Garden in connection with information related to such loan, but Tianyang Perfuming Garden (which to the Company’s knowledge its senior management included Huang Xin, Pang Yi, Man Guifu and Wang Jia Yi) had yet to respond or cooperate. The Company had instructed its PRC legal advisers to attend the office of Tianyang Perfuming Garden to exercise its shareholders’ right and made enquiries. The management at Tianyang Perfuming Garden refused to cooperate.

The Company was not aware of the existence of the above contractual documents or arrangements prior to receiving the above legal proceedings and took legal advice in

response to such claims, including but not limited to checking the authenticity of the contracts received. The Company reiterated that it would defend the aforesaid legal proceedings vigorously and would endeavour to claim against any and all losses the Group might suffer as a result.

Details of the legal proceedings and their updates were disclosed in the Company's announcements dated 29 September 2016, 30 June 2017, 29 September 2017, 31 October 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018, 29 June 2018, 1 August 2018, 1 November 2018, 15 January 2019 and 1 February 2019 respectively.

Save as the above, as at the Latest Practicable Date, neither the Company nor any members of the Group was engaged in any litigation or claims of material importance, and no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that they were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2018, being the date to which the latest published audited financial statements of the Company were made up to, up to and including the Latest Practicable Date.

8. QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinions or advices which are contained or referred to in this circular:

Name	Qualification
HLB Hodgson Impey Cheng Limited (" HLB ")	Certified Public Accountants

HLB has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it is included.

As at the Latest Practicable Date, HLB was not beneficially interested in the share capital of any member of the Group nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited consolidated financial statements of the Group were made up (i.e. 30 June 2018), acquired, disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

9. MATERIAL CONTRACTS

Save as the Sale and Purchase Agreement, no material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or any of its other

subsidiaries (other than the PRC Subsidiaries and the Non-Target Group Deconsolidated Subsidiaries) within two years immediately preceding the date of this circular and up to the Latest Practicable Date.

10. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton, Bermuda HM11 and the head office and principal place of business in Hong Kong is at 1/F., Ching Cheong Industrial Building, 1-7 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.
- (b) The company secretary of the Company is Miss Ng Ling Ling, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.
- (c) The Company's branch share registrars are Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom.
- (d) The English text of this circular shall prevail over the Chinese text of this circular in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at 1/F., Ching Cheong Industrial Building, 1-7 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong during normal business hours on any weekday (except Saturdays, Sundays and public holidays), from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the financial years ended 30 June 2016, 2017 and 2018;
- (c) the Sale and Purchase Agreement;
- (d) the unaudited consolidated financial information of the Disposal Group reviewed by HLB, the text of which is set out in Appendix II to this circular;
- (e) the letter on the unaudited pro forma financial information of the Remaining Group issued by HLB, the text of which is set out in Appendix III to this circular
- (f) the written consent from the expert referred to under the paragraph headed "Qualification and Consent" in this appendix; and
- (g) this circular.

* For identification purposes only

NOTICE OF SGM



ASIAN CITRUS HOLDINGS LIMITED 亞洲果業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 73)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Asian Citrus Holdings Limited (the “**Company**”) will be held at United Conference Centre, Level 10, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 9 May 2019 at 9:00 a.m., for the purpose of considering and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 21 January 2019 entered into between A-One Success Limited (the “**Vendor**”) and Mr. Zhou Jianjun (the “**Purchaser**”) (a copy of which marked “A” having been tabled before the meeting and initialled by the chairman of the meeting for the purpose of identification) in relation to, among other things, the conditional disposal of 10,000 ordinary shares in the issued share capital of BPG Food & Beverage Holdings Ltd. (the “**Target Company**”) by the Vendor to the Purchaser and the conditional transfer and novation by the Vendor and assumption by the Purchaser of all the indebtedness owing by the Vendor to the Target Company at completion of the aforesaid-mentioned disposal and transfer and novation and any transactions contemplated under the Sale and Purchase Agreement be and are hereby approved, confirmed and/or ratified; and
- (b) the directors of the Company, acting collectively and individually, be and are hereby authorised for and on behalf of the Company to take all such action, do all such things and execute such all further documents as the directors may at their absolute discretion consider necessary or desirable to implement and/or give effect to the Sale and Purchase Agreement or any transactions contemplated thereunder and all other matters incidental there to or in connection therewith.”

Yours faithfully,
On behalf of the Board
Asian Citrus Holdings Limited
Ng Ong Nee
Chairman

Hong Kong, 17 April 2019

* For identification purposes only

NOTICE OF SGM

Registered Office:

Clarendon House
2 Church Street
Hamilton
Bermuda HM11

Principal Place of Business in Hong Kong:

1/F., Ching Cheong Industrial Building
1-7 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

As at the date of this notice, the board of directors of the Company comprises the following Directors:

Executive Directors:

Mr. Ng Ong Nee (*Chairman and Chief Executive Officer*)
Mr. Ng Hoi Yue (*Deputy Chief Executive Officer*)

Non-executive Director:

Mr. He Xiao Hong

Independent Non-executive Directors:

Mr. Chung Koon Yan
Dr. Lui Ming Wah, PhD, SBS, JP
Mr. Yang Zhen Han

Notes:

1. A form of proxy (as applicable) is enclosed.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
3. Any member of the Company (the "**Member**") entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A Member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at a general meeting of the Company. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he/she or they represent(s) as such Member could exercise.
4. **The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Registrars, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Members whose names appear in the Company's branch register of members in Hong Kong and who hold Shares in certificated form) not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof) at which the person named in the instrument proposes to vote, or Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom by 5:00 p.m. (UK time) on Monday, 6 May 2019 (for Members whose names appear in the Company's register of members in Jersey and who hold Shares in certificated form).**
5. **Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event the form of proxy shall be deemed to be revoked.**

NOTICE OF SGM

6. **In the case of joint holders of any Share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company (the “Register”) in respect of the joint holding.**
7. Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall be deemed to be present in person at any such meeting if a person so authorised is present thereat.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 of the United Kingdom, only those Shareholders registered in the Register as of 6 May 2019 are entitled to attend or vote at the SGM of the Company in respect to the number of Shares registered in their name at that time. For Members whose names appear in the Company’s register of members in Jersey and who hold Shares in certificated form, in order to qualify for attending the SGM, all transfer documents, accompanied by the relevant share certificates, have to be lodged for registration with the Registrars, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom by 5:00 p.m. (UK time) on Monday, 6 May 2019.

For Members whose names appear in the Company’s register of members in Hong Kong and who hold Shares in certificated form, the register of members of the Company in Hong Kong will be closed from Monday, 6 May 2019 to Thursday, 9 May 2019, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the SGM, all transfer documents, accompanied by the relevant share certificates, have to be lodged for registration with the Registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Friday, 3 May 2019.

Changes to entries on the Register after that time will be disregarded when determining the rights of any person to attend or vote in the SGM.

9. If a tropical cyclone warning signal no. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time between 8:00 a.m. and 5:00 p.m. (Hong Kong time) on the date of the meeting, the meeting will be postponed and Members will be informed of the date, time and venue of the postponed meeting by a supplementary notice posted on the respective websites of the Company and The Stock Exchange of Hong Kong Limited.

If a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is lowered or cancelled at or before 8:00 a.m. (Hong Kong time) on the date of the meeting and where conditions permit, the meeting will be held as scheduled.

The meeting will be held as scheduled when an amber or red rainstorm warning signal is in force.

After considering their own situations, Shareholder(s) should decide on their own whether or not they would attend the meeting under any bad weather condition and if they do so, they are advised to exercise care and caution.