

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ASIAN CITRUS HOLDINGS LIMITED

亞洲果業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 73)

UPDATE ANNOUNCEMENT

This announcement is made by the board of directors of Asian Citrus Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcements dated 29 September 2016, 30 June 2017, 29 September 2017, 31 October 2017 and 30 November 2017 (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Company wishes to update its shareholders of the latest major development on Lucky Team Hepu and/or the Group and the preparation of the outstanding audited financial statements of the Group as at 28 December 2017.

UPDATE ON WORK PROGRESS FOR LUCKY TEAM HEPU

Subsequent to the taking of control of Lucky Team Hepu, the Company has performed the following work in respect of the stock take of the total assets and collation of the books and records of Lucky Team Hepu:

- 1) The Company has introduced the newly appointed legal representative and directors of Lucky Team Hepu to the staff of Lucky Team Hepu. As the Company has the intention to transfer certain employees of Lucky Team Hepu to the Agriculture Company so that they can assist with the management of the orange trees operated by the Agriculture Company, the management of Lucky Team Hepu has conducted interviews with the staff which also assists the Lucky Team Hepu management to better understand the existing business operations of Lucky Team Hepu.

- 2) The Company has collated the documents found on-site at the Hepu office premises and discovered that (i) there were no records of accounts, ledgers, books and/or certificates for the financial years 2015 and 2016; (ii) there were records of vouchers, bank records, bank statements and tax submission records for the period from January 2017 to September 2017 which have not been compiled in order, and the Company is in the process of re-compiling them to the extent possible. The Company has also found the original land use and building ownership related certificates, photo-copies of land contracts, original co-operation agreements and employment contracts relating to Lucky Team Hepu.
- 3) The Company has performed physical inspection of the orange trees at the Hepu Plantation and formed a view that the Hepu Plantation had approximately 512,500 orange trees which occupied a total area of approximately 22,000 mu.
- 4) The Company has performed a count of the physical property, plant and equipment on-site, including without limitation, the buildings, farmland infrastructure and machinery and fixtures onsite at the Hepu office premises and the Hepu Plantation and observed that, among others, the buildings and machinery are in good condition, and some of the plant and equipment were aged and may need to be overhauled or disposed of.
- 5) The Company has performed a count of physical inventory, including without limitation, the fertilisers and metal hardware at the Hepu Plantation and the value of the inventories will be calculated according to the relevant unit price by reference to Lucky Team Hepu's accounting records.
- 6) The Company has initiated discussions with a valuer in relation to the valuation of the property, plant and equipment, orange trees and agricultural produces for the purpose of preparing the accounts of Lucky Team Hepu and has arranged the Company's PRC accountant to conduct a site visit at the premises of Lucky Team Hepu and the Company's PRC accountant has performed a preliminary inspection of the available accounting documents and existing fixed assets. Based on the report of the Company's PRC accountant, given the unavailability of the records of accounts, ledgers, books or certificates in respect of Lucky Team Hepu for the financial years ended 30 June 2015 and 2016 and the six months ended 31 December 2016 as at the date of this announcement, the Company's PRC accountant advised that the Company should prepare the books and records and the financial statements of Lucky Team Hepu based on such accounts and records for the period between January 2017 to September 2017 which are the records currently available to the Company, and make adjustments to the value of assets in accordance with the PRC accounting practice by recognising the shortfall as loss or impairment.

UPDATE ON AUDIT WORK PROGRESS FOR THE GROUP

For the years ended 30 June 2016 and 2017, the Company's auditors have performed certain audit procedures with respect to the Agriculture Company and completed most audit procedures with respect to the Company and other subsidiaries in accordance with the International Standards on Auditing, save and except for Lucky Team Hepu and the deconsolidated subsidiaries. The Company's auditors will continue to conduct the relevant audit procedures and expect that the audit field work in relation to Lucky Team Hepu to be completed by end of January 2018 and the audit field work in relation to the Group to be completed by mid-February 2018 respectively.

In view of the above development in relation to the work progress for Lucky Team Hepu, once the accounts of Lucky Team Hepu have been prepared based on the information and records currently made available to the Company, the accounts will be presented to the Company's auditors for audit. In view of the above, the Company is currently expected that the Group's audited financial statements for the financial years ended 30 June 2016 and 2017 (collectively, the "**Outstanding Audited Financial Statements**") will be ready for publication by end of February 2018.

EXPECTED TIMELINE FOR OUTSTANDING AUDIT WORK FOR THE PUBLICATION OF OUTSTANDING AUDITED FINANCIAL STATEMENTS

Set out below is the indicative expected timeline in respect of the outstanding works to be performed by the Group and/or the Company's auditors with a view to publish the Outstanding Audited Financial Statements:

Indicative expected timeline

- 1) Valuation of property, plant and equipment, orange trees
and agricultural produces of Lucky Team Hepu end of December 2017
- 2) Completion of audit field work of Lucky Team Hepu end of January 2018
- 3) Completion of audit field work for the Group
(for the financial years ended 30 June 2016 and 2017) mid February 2018
- 4) Publication of audited financial statements
for the financial years ended 30 June 2016 and 2017. end of February 2018

The Company has been undertaking the necessary actions to publish the Outstanding Audited Financial Statements in accordance with the above timeline. The Company is working closely with its professional advisers to ensure the completion of their works will adhere to the above timeline. The Company will publish further announcement(s) to update shareholders if there are major changes to the above indicative expected timeline.

UPDATE ON LEGAL PROCEDURES IN RESPECT OF THE RELEVANT PRC SUBSIDIARIES

In respect of the Order ruled against Tianyang Perfuming Garden as disclosed in the Company's announcement dated 30 November 2017, the Company was made aware of the request for appeal of the Order from Tianyang Perfuming Garden on 18 December 2017. The Company continues to progress the relevant legal procedures in preparation for formal court proceedings for the appeal. Save as otherwise disclosed in this announcement, there is no other new material development at this stage and the Company will make further announcement(s) to update its shareholders and investors as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Hong Kong Stock Exchange will remain suspended pending release of the Group's annual results and the fulfilment of the resumption conditions as set out in the Company's announcement dated 27 January 2017.

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

Hong Kong, 28 December 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ong Nee (Chairman and Chief Executive Officer) and Mr. Ng Hoi Yue (Deputy Chief Executive Officer); a non-executive director, namely Mr. He Xiaohong; and three independent non-executive directors, namely Mr. Chung Koon Yan, Dr. Lui Ming Wah, SBS, JP and Mr. Yang Zhen Han.

* *For identification purposes only*