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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)

QUARTERLY ANNOUNCEMENT

This announcement is made by the board (the “**Board**”) of directors of Asian Citrus Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the announcements of the Company dated 30 June 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, 15 January 2019 and 4 April 2019, in relation to, among others, the suspension of trading in the shares of the Company on the Stock Exchange and updates on legal procedures in respect of certain PRC subsidiaries; (ii) the announcements dated 1 August 2018, 1 November 2018 and 1 February 2019 published by the Company in compliance with Rule 13.24A of the Listing Rules; (iii) the announcement of the Company dated 26 March 2019 in relation to, among others, the update on progress of investigation in relation to the Allegations; (iv) the announcements of the Company dated 21 January 2019, 13 March 2019 and 27 March 2019 and the circular of the Company dated 16 April 2019, in relation to, among others, the VSD (as defined below); and (v) the announcements of the Company dated 27 January 2017 and 6 September 2018 in relation to, among others, the conditions for resumption of trading of the shares of the Company (the “**Shares**”) imposed on the Company by the Stock Exchange (collectively, the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

1. RESUMPTION CONDITIONS

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;

- B. clarify, address and take appropriate actions on the Allegations;
- C. demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- D. inform the market of all material information for the shareholders and the investors to appraise the Company’s position.

In compliance with Rule 13.24A of the Listing Rules, the quarterly updates on the Company’s progress and development of the resumption of trading of the Shares are set out below.

2. RESUMPTION PLAN OF THE GROUP AND PROGRESS OF THE RESUMPTION PLAN

A. Audit qualifications

As disclosed in the Announcements, the auditors of the Company, HLB Hodgson Impey Cheng Limited, had issued a disclaimer of opinion on the consolidated financial statements of the Group for the years ended 30 June 2018, 30 June 2017 and 30 June 2016. 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.

Set forth below are details of the plans proposed, their respective current status and indicative expected timeline:

- (i) *Regarding the disclaimer of opinion on (a) compliance with relevant accounting standards and applicable laws and regulations; (b) authenticity, completeness, and accuracy of accounting records; (c) disclosure of opening balances and comparable figures; (d) current accounts with the Deconsolidated Subsidiaries; and (e) completeness of events after the reporting period, commitments, contingent liabilities, related party transactions and unrecorded liabilities relevant to the following events: (i) deconsolidation of the Current Deconsolidated Subsidiaries; and (ii) resumption of control of Lucky Team Hepu (the “FY 2016/18 Issues”)*

| Proposed plan | | Current status and indicative expected timeline |
|---------------|--|--|
| (a) | The disposal of 100% of the issued share capital of BPG Food & Beverages Holdings Ltd. to a third party purchaser (“VSD”). | As set out in the notice of special general meeting of the Company dated 17 April 2019, the SGM will be held on 9 May 2019. Based on the current expected timetable, completion of the VSD (if approved at the SGM) is expected to take place around mid-May 2019. |

| Proposed plan | | Current status and indicative expected timeline |
|---------------|---|---|
| (b) | The Hepu Restructuring. | Ongoing. As the Group is required to provide further information for various registration procedures, additional time is required to procure such further information, hence, the Company is still in the process of undertaking the Hepu Restructuring, which is currently expected to be completed around mid-May 2019. |
| (c) | The disposal of Lucky Team Hepu (upon completion of the Hepu Restructuring), the other Current 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 ”). | Ongoing. The Company has commenced and is in the process of preparing the necessary documentation in order to undertake the Last Disposal. Based on the current expected timetable, as the completion of the Hepu Restructuring has been slightly delayed, it is expected that the Last Disposal will be completed around the end of May 2019. |

(ii) *Regarding the disclaimer of opinion on going concern*

| Proposed plan | | Current status and indicative expected timeline |
|---------------|--|--|
| (a) | To complete the Disposals (i.e. the VSD and the Last Disposal), whereupon, it is currently expected that the Group would have net assets upon completion of the Disposals and generate sufficient cash flow to meet the future working capital needs for the twelve months following 30 June 2019. | Ongoing. Please also refer to Section 2(A)(i)(a) and (c) of this announcement. |
| (b) | To maintain the levels of revenue and profit generated from the existing operations of planting, cultivation and sales of agricultural products and to explore opportunity(ies) to expand the businesses of other operating subsidiaries of the Group such as the fruit distribution operation. | Ongoing. Please also refer to Section 2(C) of this announcement. |

Based on the current expected timetable, it is expected that the auditors of the Company will be in the position to perform special audit procedures and provide to the Company their preliminary conclusion on the audit opinion for the special audit period around six weeks after completion of the Disposals, with the final report to be issued two weeks thereafter.

The Company has discussed the aforesaid plans with its auditors. The auditors of the Company are in agreement with the Company on the proposed plans set forth in this announcement in order to address the audit qualifications. After discussions with auditors, the Company expects that:

- (i) subject to the Disposals having been completed during the year ending 30 June 2019 (“**FY 2018/19**”), the auditors’ reports for the special audit period and for FY 2018/19 will include, among others, the disclaimer of opinion on the FY 2016/18 Issues except for completeness of events after the reporting period, and an additional disclaimer of opinion on the gain/loss on disposal of the Deconsolidated Subsidiaries (such disclaimer of opinions are collectively referred to as the “**Deconsolidation-Related Issues**”);
- (ii) the auditors’ report for the year ending 30 June 2020 will include a qualified opinion in respect of opening balances and comparative figures, as the accounts for the relevant year will still contain figures from FY 2018/19; and
- (iii) the disclaimer of opinion and the qualified opinion in relation to the Deconsolidation-Related Issues can be removed for the year ending 30 June 2021.

B. Allegations

Reference is made to the announcement of the Company dated 26 March 2019 in relation to, among others, the update on progress of investigation in relation to the Allegations. As at the date of this announcement, the Investigation is still ongoing. The Company was advised by RSM that the Report is expected to be available in May 2019.

C. Update on the development of business operations of the Group

The Group continues its Plantation Operation and also continues to develop the Fruit Distribution Operation. As part of the Group’s efforts in developing its Fruit Distribution Operation, the Company has been undertaking negotiations, and is now at the final stage of arranging for signing of the various distribution agreements in respect of the Fruit Distribution Operation with relevant parties in order to widen its distribution networks in the PRC and to enhance its penetration in the high-quality fruit market. Due to the intervening public holidays in the PRC in early May 2019, it is currently expected that the various distribution agreements will be finalized by mid-May 2019.

Attributed to the commencement of (i) the Fruit Distribution Operation in September 2018 and (ii) harvest season of the Plantation Operation in December 2018, the Group has recorded an unaudited total revenue amounted to approximately RMB19.3 million for the eight months ended 28 February 2019. The Company is optimistic that the Plantation Operation is expected to generate substantial contribution to the revenue of the Group in the last quarter of FY 2018/19.

D. Material information for the Shareholders to appraise the Company's position

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

3. UPDATE ON THE LEGAL PROCEDURES IN RESPECT OF THE RELEVANT PRC SUBSIDIARIES OF THE GROUP

Reference is made to the announcements of the Company dated 15 January 2019 and 1 February 2019. As at the date of this announcement, Chance Lead has lodged a request for an appeal of the ruling of the First Instance Judgment. The Company will continue to defend its position vigorously.

Save as disclosed in this announcement, the Company is not aware of any other new material development to the legal procedures in respect of certain PRC subsidiaries of the Group as referred to in the Announcements. The Company will publish announcement(s) to update its shareholders and investors of any material development as and when appropriate.

4. CONTINUED SUSPENSION OF TRADING OF SHARES

Trading in the Shares on the Stock Exchange will remain suspended pending the fulfilment of the Resumption Conditions. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. The Board will continue to update its shareholders and the public of the development of its business operations, its resumption plan, the progress of the various legal procedures in respect of its relevant PRC subsidiaries, the progress of the implementation of the resumption plan (and any material changes thereof), as well as any other relevant matters as and when appropriate and at least on a quarterly basis.

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

Hong Kong, 2 May 2019

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, PhD, SBS, JP and Mr. Yang Zhen Han.

* For identification purposes only.