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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: HKSE: 73; AIM: ACHL)

MAJOR TRANSACTION – ACQUISITION OF 100% OF EAGLETON GLOBAL INVESTMENTS LIMITED AND THEIR INTENDED ACQUISITION OF 60% INTEREST IN THE PROPERTY

ISSUE OF CONSIDERATION SHARES AND PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

AND

POTENTIAL CONTINUING CONNECTED/RELATED PARTY TRANSACTION

Placing Agent



RHB Securities Hong Kong Limited

RHB Securities Hong Kong Limited

THE SPA

The Board wishes to announce that after trading hours in Hong Kong on 25 August 2016, the Purchaser (being a wholly-owned subsidiary of the Company), the Company and the Vendor entered into the SPA in respect of the Acquisition, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 100% of the issued share capital of the Target at Completion. The total consideration for the Acquisition is HK\$600 million (equivalent to approximately GBP58.82 million) (subject to adjustment).

The Consideration for the Acquisition shall be payable by the Purchaser (i) in cash of HK\$300 million (equivalent to approximately GBP29.41 million) to the Vendor (or its designated nominee); and (ii) by procuring the Company to issue 600,000,000 Consideration Shares at the Issue Price of HK\$0.50 per Share (equivalent to approximately GBP0.049 per Share) to the Vendor (or its designated nominee) on Completion Date.

Completion is conditional upon the fulfillment or waiver (as the case may be) of a number of conditions including but not limited to the completion of the Placing, as set out under the sub-section headed “The SPA — Conditions precedent” of this announcement. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares of the Company.

Subject to the fulfillment of the respective conditions precedent under the SPA and the Placing Agreement, Completion will take place simultaneously with the completion of the Placing on the same date or at such other time as may be agreed by the Purchaser and the Vendor.

The Target is an investment holding company. Pursuant to the SPA, the Vendor will acquire the entire issued share capital of the Target (which will indirectly own 60% interest of the PRC Target Subsidiary, being the owner of the Property) prior to Completion.

THE PLACING

After trading hours in Hong Kong on 25 August 2016, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to offer for subscription and the Placing Agent has agreed to procure, on a best-effort basis, as placing agent of the Company, not less than six Placee(s) to subscribe, up to 610,000,000 Placing Shares, at a price of HK\$0.50 per Placing Share (equivalent to approximately GBP0.049 per Placing Share). The Placee(s) and its ultimate beneficial owners shall be Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the Specific Mandate to be obtained from the Shareholders at the SGM.

The maximum number of 610,000,000 Placing Shares represent:—

- (i) approximately 48.81% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) approximately 24.80% of the issued share capital of the Company as enlarged by the Placing and the issue of Consideration Shares (assuming there will not be any other change in the issued share capital from the date of this announcement to the date of completion of the Placing). The aggregate nominal value of the Placing Shares will be HK\$6.1 million (equivalent to approximately GBP598,039).

The gross proceeds from the Placing will be approximately HK\$305 million (equivalent to approximately GBP29.90 million) and the net proceeds from the Placing are estimated to be approximately HK\$300 million (equivalent to approximately GBP29.41 million). It is expected that the entire net proceeds from the Placing will be applied as the Cash Consideration for the Acquisition under the SPA.

The Placing Price of HK\$0.50 per Placing Share (equivalent to approximately GBP0.049 per Placing Share) was determined after arm's length negotiations between the Company and the Placing Agent and represents:

- (i) a discount of approximately 19.35% to the closing price of HK\$0.62 per Share (equivalent to approximately GBP0.061 per Share) as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 21.14% to the average closing price of HK\$0.634 per Share (equivalent to approximately GBP0.062 per Share) as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing is subject to termination by the Placing Agent under certain circumstances as set out in the paragraph headed “The Placing Agreement – Termination” in this announcement. In the event that the Placing Agent exercises its right to terminate the Placing Agreement in accordance with the terms therein, the Placing will not proceed. Should the placing not proceed, the Acquisition will not complete.

Since completion of the Placing is subject to the fulfilment of the condition(s) as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares of the Company.

POTENTIAL CONTINUING CONNECTED / RELATED PARTY TRANSACTION

Mr. Kung or companies held by him are currently occupying certain parts of the Property and will enter into a lease agreement with the PRC Target Subsidiary in respect of certain part of the Property on or about Completion. Given Mr. Justin Kung will become a substantial shareholder of the Company upon Completion, Mr. Kung (being the father of Mr. Justin Kung) will become a connected person/related party of the Company. Accordingly, the transactions contemplated under such lease agreement (if proceeded with) may become continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules and related party transaction(s) in accordance with the AIM Rules.

The Company will comply with applicable requirements under Chapter 14A of the Listing Rules and Rule 13 of the AIM Rules as and when appropriate should any such continuing connected/related party transaction take place.

IMPLICATIONS UNDER THE LISTING RULES AND AIM RULES

As certain percentage ratios in respect of the Acquisition are more than 25% but all percentage ratios are less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules and a "Substantial Transaction" pursuant to the AIM Rules.

Both the Acquisition and the Placing are subject to the Shareholders' approval. The SGM will be convened for the purpose of, among other things, considering, and if thought fit, approving (i) the SPA and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate to allot and issue the Consideration Shares and the Placing Shares under the Placing.

A circular containing, among other things, (i) details of the Acquisition, the SPA and the transactions contemplated thereunder; (ii) details of the Placing; and (iii) the notice of the SGM are expected to be despatched to the Shareholders on or before 14 October 2016 as more time is required to prepare the required information for inclusion in the circular, including but not limited to the audited financial results of the Group for the year ended 30 June 2016.

THE SPA

The Board wishes to announce that after trading hours in Hong Kong on 25 August 2016, the Purchaser (being a wholly-owned subsidiary of the Company), the Company and the Vendor entered into the conditional SPA in respect of the Acquisition.

The principal terms of the SPA are set out below:

Date

25 August 2016

Parties

- (1) Greater Lead Limited, a company incorporated in the BVI (as the Vendor), which will become the 100% owner of the Target prior to Completion
- (2) In-Season Limited, a wholly-owned subsidiary of the Company (as the Purchaser)
- (3) The Company (as the guarantor for the Purchaser in respect of its obligations and performance under the SPA)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

Subject Matter

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing 100% of the issued share capital of the Target at Completion, free from all encumbrances and together with all rights and benefits attaching thereto at any time on or after the Completion Date.

The Company guarantees to the Vendor the due and punctual performance by the Purchaser of its obligations under the SPA.

Consideration

The Consideration for the Acquisition payable by the Company to the Vendor is HK\$600 million (equivalent to approximately GBP58.82 million) (subject to adjustment) and shall be payable by the Company to the Vendor in the following manner on Completion Date:

- (1) the Purchaser shall pay HK\$300 million (i.e. the Cash Consideration) (equivalent to approximately GBP29.41 million) in cash to the Vendor (or its designated nominee); and
- (2) the Purchaser shall procure the allotment and issue of the Consideration Shares to the Vendor (or its designated nominee).

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to (amongst other things) the expected Appraisal Value of the Property at not less than approximately HK\$1 billion (equivalent to approximately GBP98.04 million) which will be finally determined by an independent professional valuer, and that the Consideration represents 60% of the Group's interest in the Target Group upon Completion. Pursuant to the SPA, the Target will acquire 60% interest in the PRC Target Subsidiary (being the owner of the Property) prior to Completion. Please refer to the paragraph headed "Information on the Target Group" for details.

The Cash Consideration will be funded by the net proceeds from the Placing.

Consideration Shares

The Consideration Shares will be allotted and at the Issue Price of HK\$0.50 per Consideration Share (equivalent to approximately GBP0.049 per Consideration Share), credited as fully paid, in the manner as set out in the sub-section headed "Consideration" of this announcement. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares.

The 600,000,000 Consideration Shares represent:

- (i) approximately 48.01% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 24.39% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and Placing Shares (assuming no further change in the share capital of the Company from the date of this announcement to the completion of Acquisition and Placing).

The aggregate nominal value of the Consideration Shares is HK\$6 million (equivalent to approximately GBP588,235).

Details of the Issue Price are set out in the paragraph headed “Specific Mandate” in this announcement.

Conditions precedent

Completion shall be conditional upon:

- (a) the Purchaser having been satisfied with the results of its legal, business and financial due diligence conducted against the Target, its subsidiaries and the Property;
- (b) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares;
- (c) the Purchaser having received a valuation report in respect of the Property to be issued by an independent qualified valuer engaged by the Purchaser, according to which the Appraisal Value of the Property is not less than HK\$1 billion (equivalent to approximately GBP98.04 million);
- (d) the completion of the Target Group Reorganisation and the Vendor having acquired the legal and beneficial ownership of all issued shares of the Target;
- (e) the Purchaser having received a legal opinion from its PRC legal adviser addressing to the Purchaser as to PRC laws in relation to the title of the Property and the due completion of the Target Group Reorganisation to the satisfaction of the Purchaser;
- (f) (if required) all necessary authorisations, consents, and approvals of any third parties (including the Stock Exchange, any governmental or regulatory body, where applicable) in relation to the transactions contemplated herein having been obtained and remaining in full force and effect;
- (g) the Company having obtained the approval of the Shareholders in respect of the transactions contemplated under the SPA at the SGM;
- (h) the completion of the Placing;

- (i) the warranties given by the Purchaser and the Company under the SPA remaining true and accurate and not misleading as of Completion; and
- (j) the warranties given by the Vendor under the SPA remaining true and accurate and not misleading as of Completion.

The Purchaser may at its sole discretion waive the conditions precedent referred to in paragraphs (a), (c), (d), (e) and/or (j) above, and the Vendor may at its sole discretion waive the condition precedent referred to in paragraph (i) above. Save as disclosed above, none of the other conditions precedent above may be waived by any party.

If any of the conditions precedent above has not been fulfilled or waived (where applicable) on or before 31 December 2016 (or such later date as the parties may agree in writing), the SPA shall lapse immediately thereafter and be of no further effect (save for certain provisions relating to confidentiality, costs and expenses and certain miscellaneous matters shall remain in full force and effect), and no party to the SPA shall have any claim against or liability or obligation to any other party under the SPA save for antecedent breaches.

Completion

Subject to the fulfillment or waiver (where applicable) of all of the above conditions precedent, other than the condition precedent referred to in paragraph (h) above which shall only be capable of being fulfilled simultaneously with the Completion, Completion shall take place within ten business days after all of the above conditions precedent have been fulfilled or waived (where applicable) and simultaneously with the Placing, or such other date as the Vendor and the Company may agree in writing.

Immediately after the Completion,

- (i) the Company will (through the Purchaser) own the entire equity interest in the Target, which in turn will indirectly own 60% interest of the PRC Target Subsidiary, and the financial results of the Target Group will be consolidated with the results of the Group. The remaining 40% interest of the PRC Target Subsidiary will be beneficially owned by Mr. Kung, who will become a connected person of the Company upon Completion; and
- (ii) the Vendor (or its designated nominee) will become a substantial shareholder of the Company holding the Consideration Shares, representing approximately 24.39% of the entire issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Placing Shares (assuming no other changes to the issued share capital of the Company prior to Completion).

Completion Adjustment

After Completion, the Purchaser shall verify the completion accounts of the Target Group as at the Completion Date to be provided by the Vendor and determine the adjusted asset value (the “**Adjusted Asset Value**”) of the Target Group (being the consolidated total current asset less consolidated total liabilities of the Target Group). There will be no adjustment to the Consideration if the Adjusted Asset Value is a positive number. In the event the Adjusted Asset Value is negative, the cash portion of the Consideration will be reduced by an amount equal to the absolute value of 60% of the Adjusted Asset Value and the Vendor shall pay such adjustment in cash to the Purchaser within three business days from the date when the final Adjusted Asset Value is determined.

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in the BVI with limited liability on 11 March 2016. The principal business of the Target is investment holding and it has not conducted any business since its incorporation. Pursuant to the SPA, the Vendor will acquire the entire issued share capital of the Target (which in turn will indirectly own 60% interest of the PRC Target Subsidiary, being the owner of the Property) prior to Completion. The Property comprises two buildings of 8 storeys each, with a total gross floor area of 28,327.24 sq.m., which are located at Nanshan Avenue, Nanshan District, Shenzhen, the PRC.

The unaudited financial information of the PRC Target Subsidiary (assuming the completion of the Target Group Reorganisation) for the years ended 31 December 2014 and 31 December 2015 is set out below:

	For the year ended 31 December 2015	For the year ended 31 December 2014
	<i>RMB'million</i>	<i>RMB'million</i>
	<i>Approximately</i>	<i>Approximately</i>
Net profit (before and after taxation)	16.39	4.22

The unaudited total asset of the PRC Target Subsidiary (assuming the completion of the Target Group Reorganisation) as at 31 July 2016 was approximately RMB46.34 million (equivalent to approximately HK\$54.22 million and GBP5.32 million).

Reasons for acquiring the Target are set out later in this announcement in the paragraph “Reasons For and Benefits of the Acquisition and the Placing”.

THE PLACING AGREEMENT

Date

25 August 2016

Issuer

The Company

Placing Agent

RHB Securities Hong Kong Limited

The Placing Agent has conditionally agreed to procure, on a best-effort basis, as placing agent of the Company, the Placee(s) to subscribe up to 610,000,000 Placing Shares. The Placing Agent will receive a placing commission of 1% of the aggregate Placing Price for the Placing Shares actually placed by or on behalf of the Placing Agent on behalf of the Company in pursuance of its obligations under the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, each of the Placing Agent and its ultimate beneficial owners is an Independent Third Party.

Placees

The Placing Shares are to be placed to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties. The Placing Agent has undertaken to the Company that except with the consent of the Company, none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder of the Company.

Placing Price

Details of the Placing Price are set out in the paragraph headed "Specific Mandate" in this announcement.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the Placing commission) are fair and reasonable, based on current market conditions and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Placing are expected to be approximately HK\$305 million (equivalent to approximately GBP29.90 million) and the net proceeds from the placing are estimated to be approximately HK\$300 million (equivalent to approximately GBP29.41 million). On such basis, the net issue price will be approximately HK\$0.492 per Placing Share (equivalent to approximately GBP0.048 Placing Share).

Placing Shares

The maximum number of 610,000,000 Placing Shares represent:

- (i) approximately 48.81% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) approximately 24.80% of the issued share capital of the Company as enlarged by the Placing and the issue of Consideration Shares (assuming there will not be any other change in the issued share capital from the date of this announcement to the date of completion of the Placing). The aggregate nominal value of the Placing Shares will be HK\$6.1 million (equivalent to approximately GBP598,039).

Ranking

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement;
- (ii) the grant of Specific Mandate to allot and issue the Placing Shares under the Placing being approved by the Shareholders at the SGM; and
- (iii) all of the conditions precedent under the SPA being fulfilled or waived (as the case may be), other than the condition precedent in relation to the completion of the Placing.

None of the conditions above may be waived by any party.

If the above conditions are not satisfied or waived (as the case may be) on or before 31 December 2016, the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of any antecedent breaches of any obligations thereunder, breach of warranties and representations, or obligations in relation to expenses incurred).

Completion

Completion of the Placing shall take place on a date within ten business days after the fulfillment of the above conditions (other than the condition precedent referred to in paragraph (iii) above which shall only be capable of being fulfilled simultaneously with the completion of the Placing) and simultaneously with the Completion, or on such other date as the Company and the Placing Agent may agree in writing.

Termination

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing to the Company at any time up to 9:30 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (A) there develops, occurs or comes into force:
 - (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (ii) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (iii) any change in conditions of local, national or international securities markets; or
 - (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (v) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
 - (vi) any litigation or claim being instigated against any member of the Group which would have a material adverse effect on the Group; or
 - (vii) any suspension in the trading of Shares on the Stock Exchange for a continuous period of fifteen Business Days; or
- (B) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the date of completion of the Placing which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (C) there is any material adverse change in the financial or business or trading position of the Group as a whole on or after the date of the Placing Agreement but before completion of the Placing.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Mandate to issue the Placing Shares

The Placing Shares proposed to be issued under the Placing Agreement will be issued pursuant to the Specific Mandate to be obtained from the Shareholders at the SGM.

Use of Proceeds

The maximum net proceeds from the Placing are estimated to be approximately HK\$300 million (equivalent to approximately GBP29.41 million). It is expected that the entire net proceeds from the Placing will be applied as the Cash Consideration for the Acquisition under the SPA.

The Placing is subject to termination by the Placing Agent under certain circumstances as set out in the above paragraph headed “The Placing Agreement – Termination”. In the event that the Placing Agent exercises its right to terminate the Placing Agreement in accordance with the terms therein, the Placing will not proceed. Should the placing not proceed, the Acquisition will not complete.

Since completion of the Placing is subject to the fulfilment of the condition(s) as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares of the Company.

SPECIFIC MANDATE

The total of 1,210,000,000 Consideration Shares and the Placing Shares proposed to be issued under the SPA and the Placing Agreement, respectively, will be issued pursuant to the Specific Mandate to be obtained from the Shareholders at the SGM. An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares and the Placing Shares.

The Issue Price and Placing Price of HK\$0.50 per Share (equivalent to approximately GBP0.049 per Share) represent:

- (i) a discount of approximately 19.35% to the latest closing price of HK\$0.62 per Share (equivalent to approximately GBP0.061 per Share) as quoted on the Stock Exchange on the date of the SPA and the Placing Agreement; and
- (ii) a discount of approximately 21.14% to the average closing price of HK\$0.634 per Share (equivalent to approximately GBP0.062 per Share) as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the SPA and the Placing Agreement.

Both the Issue Price and the Placing Price were determined by the Board after arm's length negotiation between the parties with reference to the prevailing market price of the Shares and the current market conditions. The Directors consider both the Issue Price and the Placing Price are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

POTENTIAL CONTINUING CONNECTED/RELATED PARTY TRANSACTION

Mr. Kung or companies held by him are currently occupying certain parts of the Property and will enter into a lease agreement with the PRC Target Subsidiary in respect of certain part of the Property on or about Completion. Given Mr. Justin Kung will become a substantial shareholder of the Company upon Completion, Mr. Kung (being the father of Mr. Justin Kung) will become a connected person/related party of the Company. Accordingly, the transactions contemplated under such lease agreement (if proceeded with) may become continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules and related party transactions in accordance with Rule 13 of the AIM Rules.

The Company will comply with applicable requirements under Chapter 14A of the Listing Rules and Rule 13 of the AIM Rules as and when appropriate should any such continuing connected/related party transaction take place.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE PLACING

The Group is principally engaged in planting, cultivation and sale of agricultural produce, manufacture and sale of fruit juice concentrates, fruit purees and frozen fruit and vegetables. The Group has three plantations in the PRC occupying a total area of approximately 103 square kilometers, namely Hepu Plantation in Guangxi Zhuang Autonomous Region, Xinfeng Plantation in Jiangxi Province and Hunan Plantation in Hunan Province.

As disclosed in the interim report of the Company for the six months ended 31 December 2015 and the market update announcements of the Company dated 18 May 2016 and 11 August 2016, the operating environment of the Group has been difficult in the past few years with adverse weather conditions and the devastating effects of Huanglongbing disease posing significant challenges to the business and financial operations of the Group. The Group suffered significant losses resulting from decreasing production yields and increasing margin pressures in Hepu Plantation and the cessation of operation of Xinfeng Plantation and Hunan Plantation in December 2015 and May 2016 respectively.

In view of the weak business sentiments relating to the Group's fruit business, the Directors have been exploring different business opportunities in other sectors in order to broaden the sources of income and to boost the business performance of the Group. Pursuant to the SPA, the Vendor will acquire the entire issued share capital of the Target (which in turn will indirectly own 60% interest of the PRC Subsidiary, being the owner of the Property) prior to Completion. The Property comprises two buildings of 8 storeys each, which are located at Nanshan Avenue, Nanshan District, Shenzhen, the PRC, and over 90% of the units have been leased out as at the date of this announcement, which generated rental income of approximately RMB41.33 million (equivalent to approximately HK\$48.36 million and GBP4.74 million) and RMB44.37 million (equivalent to approximately HK\$51.91 million and GBP5.09 million) for the year ended 31 December 2014 and 2015 respectively. The Property is located near Qianhai special economic zone, Shenzhen, the PRC and has been enjoying and is expected to continue to enjoy high occupancy and rental growth for office/commercial space. The Board considers that in light of its strategic location and its close proximity to Qianhai special economic zone, the occupancy rate is expected to remain relatively high with well diversified tenant profile. The Board considers that the Acquisition would enable the Group to generate steady rental income which would strengthen the asset and/or income base of the Group and provide capital appreciation potential to the Group.

In addition, the Directors consider that it is in the interest of the Company and its Shareholders as a whole to retain more cash for general working capital requirements and the future business development of the Group after the completion of the Acquisition. The settlement of the Consideration in full by the issue of Consideration Shares and proceeds of the Placing Shares allows the Group to (i) minimise immediate cash outflow; (ii) avoid increasing its liabilities; (iii) complete the Acquisition without significant cash outlay; and (iv) maintain its liquidity position and financial leverage with readily available and accessible cash resources for its daily operations and future development demands for capital.

The terms of the SPA were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the SPA and the Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted any fund raising activities in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company, upon completion of the Placing and the issue of Consideration Shares (assuming there is no other change in the shareholding structure of the Company before the issue of the Placing Shares and the Consideration Shares) are set out as below:

Shareholders	As at the date of this announcement		Upon completion of the Placing and the issue of the Consideration Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<i>Director</i>				
Mr. Ng Ong Nee (<i>Note 1</i>)	179,252,394	14.34	179,252,394	7.29
<i>Others</i>				
Vendor (<i>Note 2</i>)	–	–	600,000,000	24.39
The Places of the Placing	–	–	610,000,000	24.80
Other public Shareholders	<u>1,070,385,490</u>	<u>85.66</u>	<u>1,070,385,490</u>	<u>43.52</u>
Total	<u>1,249,637,884</u>	<u>100.00</u>	<u>2,459,637,884</u>	<u>100.00</u>

Notes:

1. As at the date of this announcement, Mr. Ng Ong Nee, the Company's Chairman, an executive Director and Chief Executive Officer of the Company, indirectly held 179,252,394 Shares through Changjiang Tyling Management Company Limited, a company owned by him as to 50%.
2. The Vendor is a company wholly-owned by Mr. Justin Kung. Subject to and upon issue of the Consideration Shares to the Vendor at Completion, Mr. Justin Kung and his associates will become connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES AND AIM RULES

As certain percentage ratios in respect of the Acquisition are more than 25% but all percentage ratios are less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules and a "Substantial Transaction" under Rule 12 of the AIM Rules.

The SGM will be convened for the purpose of, among other things, considering, and if thought fit, approving (i) the SPA and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate to allot and issue the Placing Shares and Consideration Shares. To the best knowledge of the Directors, no Shareholder has a material interest in the Acquisition and/or the Placing. Accordingly, no Shareholder will be required to abstain from voting at the SGM in respect of the resolutions to be proposed at the SGM.

Applications will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares and the Consideration Shares, respectively.

A circular containing, among other things, (i) details of the Acquisition, the SPA and the transactions contemplated thereunder; (ii) details of the Placing; and (iii) the notice of the SGM are expected to be despatched to the Shareholders on or before 14 October 2016 as more time is required to prepare the information for inclusion in the circular, including but not limited to the audited financial results of the Group for the year ended 30 June 2016.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

"Acquisition"	the acquisition of the Sale Shares
"AIM"	AIM, a market operated by the LSE
"AIM Rules"	the AIM Rules for Companies published by the LSE from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM

“Appraisal Value”	the appraisal value of the Property to be stated in the valuation report to be issued by an independent qualified valuer in Hong Kong
“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Cash Consideration”	HK\$300 million (equivalent to approximately GBP29.41 million) payable by the Purchaser to the Vendor (or such other nominee(s) as directed by the Vendor) in cash at Completion pursuant to the SPA
“Company”	Asian Citrus Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange and AIM
“Completion”	completion of the Acquisition in accordance the terms and conditions of the SPA
“Completion Date”	the date of Completion, being a date within ten business days after all of the conditions precedent as set out in sub-paragraph headed “The SPA – Conditions Precedent” above (other than the condition precedent which shall only be capable of being fulfilled simultaneously with the Completion) have been fulfilled or waived (or such other date as the Vendor and the Company may agree in writing) on which Completion is to take place
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Consideration”	the aggregate sum of HK\$600 million (equivalent to approximately GBP58.82 million) (subject to adjustment), being the aggregate of the Cash Consideration and the Consideration Shares
“Consideration Shares”	600,000,000 new Shares to be allotted and issued by the Company at HK\$0.50 (equivalent to approximately GBP0.049) each to the Vendor (or such other nominee(s) as directed by the Vendor) at Completion pursuant to the SPA
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Issue Price”	HK\$0.50 per Consideration Share (equivalent to approximately GBP0.049 per Consideration Share)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LSE”	London Stock Exchange plc
“Mr. Justin Kung”	Mr. Kung Chak Ming, an Independent Third Party as at the date of this announcement and the son of Mr. Kung
“Mr. Kung”	Mr. Kung Chun Lung, an Independent Third Party as at the date of this announcement and the father of Mr. Justin Kung
“Placee(s)”	any person or entity to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the proposed placing of the Placing Shares by the Placing Agent to the Placee(s), on a best-effort basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	RHB Securities Hong Kong Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the proposed conditional placing agreement entered into between the Company and the Placing Agent dated 25 August 2016 in relation to the Placing under the Specific Mandate
“Placing Price”	HK\$0.50 per Placing Share (equivalent to approximately GBP0.049 per Placing Share)
“Placing Shares”	a maximum of 610,000,000 new Shares proposed to be placed pursuant to the Placing Agreement and each a “Placing Share”
“PRC”	the People’s Republic of China

“PRC Target Subsidiary”	Long Jia Investment Management (Shenzhen) Co., Ltd.* (龍佳投資管理(深圳)有限公司), a wholly foreign enterprise established in the PRC and the owner of the Property as at the date of this announcement
“Property”	two buildings of 8 storeys each, located at Nanshan Avenue, Nanshan District, Shenzhen, the PRC
“Purchaser”	In-Season Limited, a company incorporated in the BVI with limited liability and is wholly-owned by the Company
“Sale Shares”	10,000 issued shares of US\$1.00 (equivalent to approximately HK\$7.76 and GBP0.76) each in the share capital of the Target, which represent 100% of the issued share capital of the Target at Completion
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the SPA and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 (equivalent to approximately GBP0.001) each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the sale and purchase agreement dated 25 August 2016 entered into between the Purchaser, the Company and the Vendor in relation to the Acquisition
“Specific Mandate”	the special mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of the Placing Shares and Consideration Shares
“sq. m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed to it in the Listing Rules
“Target”	Eagleton Global Investments Limited, a company incorporated in the BVI with limited liability and will be wholly-owned by the Vendor at Completion, being the subject matter of the Acquisition
“Target Group”	the Target and its subsidiaries

“Target Group Reorganisation”	the reorganisation of the subsidiaries and fellow subsidiaries of the Target, pursuant to which 60% interest of the PRC Target Subsidiary will be transferred to the Target Group prior to Completion
“Vendor”	Greater Lead Limited, a company incorporated in the BVI with limited liability and is wholly-owned by Mr. Justin Kung
“%”	per cent.

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

Hong Kong, 25 August 2016

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

For the purposes of this announcement, the exchange rates of (i) RMB1.00 = HK\$1.17, (ii) US\$1 to HK\$7.76 and (iii) GBP1 to HK\$10.2 have been used, where applicable, for illustration purposes only and do not constitute representations that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

This announcement contains inside information for the purpose of Article 7 of Regulation (EU) No 596/2014.

* *for identification on purpose only*