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)

OVERSEAS REGULATORY ANNOUNCEMENT
INSIDE INFORMATION

This announcement is made by Asian Citrus Holdings Limited (the "**Company**") pursuant to Rules 13.09(2) and 13.10B 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).

Please refer to the attached announcement being:

The announcement of the Company, published on the website of London Stock Exchange at www.londonstockexchange.com on 18 May 2016, in relation to the market update.

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

Hong Kong, 18 May 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 identification purposes only*

For immediate release **18 May 2016**

Asian Citrus Holdings Limited

("Asian Citrus" or the "Company", together with its subsidiaries (the "Group"))

Market Update

Asian Citrus provides the following update in relation to its Hunan Plantation situated in Hunan Province, in the People's Republic of China (the "**PRC**").

Hunan Plantation was developed as a new plantation from 2007 after the Group reached agreement with the Dao County Government of Hunan Province regarding the terms of a proposed 50-year lease of approximately 35 sq.km. of land. The first planting of 427,400 summer orange trees occurred in the year ended 30 June 2011. Hunan Plantation is fully planted and comprises approximately 1.05 million summer orange trees and 750,320 grapefruit trees. As the orange trees are now all 4-5 years old, limited production was anticipated to begin this year, some 2 years behind original expectations. Frosts have again impacted the trees, with temperatures averaging some 5-6 degrees lower than that normally experienced. As a result, any 2016 summer orange harvest is expected to be negligible. The first grapefruit harvest was not anticipated before winter 2017.

In view of the continued poor harvest conditions in Hunan Plantation, the Board has been increasingly concerned about the ability of Hunan Plantation to achieve an effective yield and acceptable quality for commercial production. Accordingly, the Group engaged an independent research centre, the Citrus Research Institute, the Chinese national scientific research centre for citrus fruits, which is directly subordinated to both the Chinese Academy of Agricultural Sciences and the Ministry of Agriculture of the PRC and two professors from each of Hunan Agricultural University and the College of Agriculture of Guangxi University, to conduct an in-depth analysis on the crop progress and conditions in Hunan Plantation (the "**Crop Analysis**").

The Crop Analysis by these independent experts cited the impact of the region's winter and spring climate when the citrus varieties grown in Hunan Plantation blossom and then bear infant fruits. The Crop Analysis recommended that the Group either consider (i) implementing improved measures in management practices and fertiliser application techniques in order to try to increase the crop productivity in Hunan Plantation or (ii) the replacement of part, or all of the existing orange and grapefruit trees with other species more suitable to grow in the region. In the case of the former and based on current information available to the Company, the estimated costs of increased labour, pesticides and fertilisers that would be needed to be incurred would be larger than any expected production value. With regard to the suggested replanting, production would be further delayed for at least three years and the estimated costs of replacement ranged from approximately RMB315 million to approximately RMB630 million.

Having considered (i) the time and costs involved of the above proposals from the Crop Analysis; (ii) the uncertainty of the actual outcome and effectiveness of the above measures given the relatively long implementation time; and (iii) the current financial position of the Group, the Directors are of the view that the economic costs outweigh the potential benefits of further investment in Hunan Plantation at this time and have therefore decided to shut down Hunan Plantation and terminate the land lease agreement of Hunan Plantation, with operations ceasing by the end of May 2016.

Though no revenue has been generated from Hunan Plantation since its inception in 2007, the Board currently estimates that impairment losses for assets, provisions and termination costs relating to the cessation of operation of Hunan Plantation of approximately RMB1,352 million will be required in the Group's financial statements for the financial year ending 30 June 2016 ("**FY2016**") and as a consequence the results of the Group for FY2016 are expected to be adversely affected.

Notwithstanding the proposed closure of Hunan Plantation, operations at Hepu Plantation have been conducted as usual. The Company is in the process of implementing some operational changes at Hepu Plantation, including various forms of cooperation arrangement with growers in the region, in order to diversify the operating risk and enhance the operational efficiency and cost competitiveness of Hepu Plantation, which the Directors believe will put the Group in a better position to improve its future financial performance. The Company will provide a more detailed update as and when appropriate.

For further enquiries please contact:

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