

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: HKSE: 73; AIM: ACHL)

TRADING UPDATE

PROFIT WARNING AND DATE OF BOARD MEETING

Trading Update

Asian Citrus Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) announces the following business update for the Group.

Summer Orange Crop of Hepu Plantation

The Company announces that the actual summer orange crop yield of the Group’s Hepu Plantation for the current period was approximately 16,370 tonnes (Financial Year ended 30 June 2015: 19,132 tonnes). This was in line with the tonnage indication of 16,370 tonnes provided in the Summer Orange Crop statement on 30 March 2016.

Business cooperation agreements with independent growers in Hepu Plantation

The Company announced on 18 May 2016 that it was in the process of implementing certain operational changes at Hepu Plantation, including various forms of cooperation arrangement with growers in the region. The Company is pleased to report that, as at the date of this announcement, the Group has successfully entered into 19 business cooperation agreements with independent farmers and an agriculture company with various contract periods from 1 year to 25 years, pursuant to which (i) the independent farmers/agriculture company undertake to produce certain farm products, such as oranges, bananas, canes, lychee, etc., in specific areas of Hepu Plantation based on the quality standards and production requirements as stipulated in the business cooperation agreements; and (ii) the Group agrees to support the farmers and the agriculture company through land preparation as well as providing technical services and production advice.

Pursuant to the business cooperation agreements, each of the independent farmers and agriculture company is responsible for the costs of raw materials and overheads during the contract period and will pay the Group an annual fee based on (i) a fixed fee per mu in respect of land occupied, (ii) a fixed fee per tonne of the crop harvested each year and/or (iii) a profit sharing basis. The Group will continue to be responsible for the maintenance of land, property, plant and equipment of Hepu Plantation.

The board of directors of the Company (the “**Board**”) believes that the above cooperation arrangements with the independent farmers and the agriculture company will diversify the operating risk and enhance the operational efficiency of Hepu Plantation, thus improving the financial performance of the plantation and providing a more stable return to the Group in the long run.

As part of the business cooperation arrangements, the Group removed 619,213 orange trees with relatively low production yield for land preparation (“**Tree Removal**”) and it is currently estimated that the Group will report a write-off of biological assets and a provision for impairment losses on capitalised planting costs for Tree Removal of approximately RMB150 million for the financial year ended 30 June 2016 (“**FY2016**”).

Financial update of the Group

The total annual production volume of oranges for the Group decreased from approximately 130,215 tonnes for the financial year ended 30 June 2015 (“**FY2015**”) to about 31,935 tonnes for FY2016, which represents a decrease of approximately 75.5%.

The processed fruits business, which involves the manufacture and sale of fruit juice concentrates, purees and frozen fruits and vegetables, has recorded production tonnage volumes lower than the first half year and suffered from continued margin pressure.

The core net loss[#] for the second half year is expected to slightly improve compared to the core net loss[#] of approximately RMB522 million for the first half year. The closure of Xinfeng Plantation in December 2015 reduced the margin impact of decreasing production yield and increasing costs resulting from the widespread of Huanglongbing disease suffered at the plantation in the first half year. The full year result for FY2016 is anticipated to be significant worse off than that in FY2015 as reflected in previously announced factors impacting the Group’s financial performance.

As announced on 29 December 2015 and 18 May 2016 respectively (“**Cessation of Operation**”), Xinfeng Plantation and Hunan Plantation have ceased operations. The impairment losses and provisions relating to Cessation of Operation reported for FY2016 were approximately RMB2,220 million. In addition, the Group is expected to record impairment losses and provisions for Tree Removal of approximately RMB150 million, as disclosed above. The assessment of the net change in fair value of biological assets for FY2016 is still under review. The Board wishes to emphasize that the impairment losses and provisions relating to Cessation of Operation and Tree Removal and the net change in fair value of biological assets are non-operational and do not have any effect on cash flow of the Group.

The Board further announces that, pursuant to Rule 13.09(2) 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), based on the preliminary assessment of the unaudited financial information and management accounts of the Group for FY2016, it is anticipated that the Group's turnover for FY2016 will be lower and the core net loss[#] for FY2016 will be significantly higher than the comparative figures for FY2015[&]. This outturn reflects the impact of events highlighted in this and previous trading updates.

The information contained in this announcement is based only on the preliminary assessment of the unaudited financial information and management accounts of the Group for FY2016 currently available to the Board. The audit which is being conducted by the auditor of the Company has not yet been completed and the management accounts may still be subject to adjustments.

Date of Board Meeting

The Board also announces that a meeting of the Board will be held on 28 September 2016, for the purposes of, amongst other matters, considering and approving the final results of the Group for FY2016 for publication. The annual results of the Group for FY2016 are expected to be published on 28 September 2016. Shareholders and potential investors are advised to refer to details in the annual results announcement of the Company for FY2016 which is expected to be published on or about 28 September 2016.

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

Hong Kong, 11 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 identification purpose only*

Core net loss refers to loss of the Group for the year excluding change in fair value of biological assets, impairment loss and provisions relating to Cessation of Operation and Tree Removal, impairment of property, plant and equipment, impairment of intangible assets and share-based payments.

& *During the year ended 30 June 2015, turnover was approximately RMB962.7 million.*

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