THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asian Citrus Holdings Limited (the "Company"), you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agents through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

ASIAN CITRUS HOLDINGS LIMITED
亞洲果業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: HKSE: 00073; AIM: ACHL)

MAJOR TRANSACTION

A notice convening a special general meeting of the Company (the "SGM") to be held at 13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong on 26 November 2010 at 4:30 p.m. (Hong Kong time), is set out on pages 107 to 110 of this circular. If you are a shareholder of the Company (the "Shareholder") and are not able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and any power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney, to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or, to Computershare Investor Services (Jersey) Limited, at Queensway House, Hilgrove Street, St. Helier, Jersey, JE1 1ES, Channel Islands, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM.

If you are not a Shareholder but hold your ordinary shares in uncertificated form through Depository Interests, you are requested to complete and return the enclosed Form of Direction in accordance with the instructions printed thereon and any power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney, to Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom, as soon as possible but in any event not less than 72 hours before the time appointed for holding the SGM.

Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM, or any adjournment thereof, should they so wish and in such event the form of proxy shall be deemed to be revoked. If you hold your ordinary shares via the Depository Interests and would like to attend the SGM of the Company, please contact the Depository, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom.

* *For identification purpose only*

1 November 2010

CONTENTS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

"Acquisition"	the proposed acquisition of the Sale Shares for the aggregate Consideration of HK$2,040,700,000 pursuant to the Agreement
"Actual Expenses"	the actual expenses of BPG Food & Beverage, Top Honest, Fame Zone, Chance Lead and Wealth Elite to be shown in the audited consolidated accounts of the Offshore Group for the financial year ending 31 December 2010
"Actual Profit"	the audited consolidated net profits after tax and any minority interests but before any extraordinary or exceptional items of the Beihai Group, to be shown in the audited consolidated accounts of the Beihai Group for the financial year ending 31 December 2010
"Agreement"	the conditional sale and purchase agreement dated 11 October 2010 entered into among the Purchaser, the Company, the Vendors, the Bondholders and the Guarantor in relation to the Acquisition
"AIM"	AIM, an equity stock exchange operated by the LSE, based in London, England
"AIM Rules"	the listing rules for issuers issued by the LSE
"Announcement"	the announcement of the Company dated 11 October 2010, in relation to, among others, the Agreement and the details of the Acquisition
"associates"	has the same meaning ascribed to it under the Listing Rules
"Beauty Treasure"	Beauty Treasure Group Limited, a company incorporated in the BVI with limited liability, being one of the Bondholders
"Beihai BPG"	北海市果香園果汁有限公司 (Beihai Perfuming Garden Juice Co., Ltd.*), a company established in the PRC with limited liability, being a non-wholly owned subsidiary of BPG Food & Beverage
"Beihai Group"	Beihai BPG and its subsidiaries
"Billion Ally"	Billion Ally International Limited, a company incorporated in the BVI with limited liability, being one of the Bondholders

"Billion Step"	Billion Step Investments Limited, a company incorporated in the BVI with limited liability, being one of the Bondholders
"Board"	the board of Directors
"Bondholders"	the five bondholders under the Bond Purchase Agreement, being Billion Ally, Billion Step, Beauty Treasure, LC II Pineapple and Greater China PE Fund
"Bond Purchase Agreement"	the bond purchase agreement entered into amongst Sunshine Hero (as the bond issuer) and Billion Ally, Billion Step, Beauty Treasure, LC II Pineapple and Greater China PE Fund (each as the bond subscriber), Ms. Xu Xuefeng and Mr. Huang Xin (each as the warrantor), and BPG Food & Beverage. Pursuant to the Bond Purchase Agreement, Sunshine Hero issued and sold to the bond subscribers the exchangeable redeemable bonds of Sunshine Hero, which upon exercise of the conversion rights, will be exchangeable into the ordinary shares of BPG Food & Beverage
"BPG Food & Beverage"	BPG Food & Beverage Holdings Ltd., a company incorporated in the Cayman Islands with limited liability
"Business Day"	a day (other than Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong
"BVI"	British Virgin Islands
"Cash Consideration"	part of the Consideration amounted to HK$780,000,000, to be satisfied by way of executing the Deeds of Payment Undertaking
"Chance Lead"	Chance Lead Holdings Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of Top Honest
"Company" or "Covenantor"	Asian Citrus Holdings Limited (stock code: HKSE: 73; AIM: ACHL), a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed and traded on the main board of the Stock Exchange, AIM and PLUS Markets
"Completion"	completion of the Acquisition in accordance with the terms of the Agreement

"Completion Date"	the date on which Completion takes place, which shall be the date falling on the second Business Days after all the conditions precedent have been fulfilled or waived
"connected persons"	has the meaning ascribed thereto in the Listing Rules
"Consideration"	the aggregate consideration of HK$2,040,700,000 for the Acquisition
"Consideration Shares"	164,153,646 new Shares to be allotted and issued at an issue price of HK$7.68 per Share as part of the Consideration
"Deeds of Payment Undertaking"	the six deeds of payment undertaking to be executed and delivered by the Company to Sunshine Hero and each of the Bondholders
"Directors"	the directors of the Company
"Early Repayment"	the repayment of any of the Deeds of Payment Undertaking which become immediately due and payable by the Company as declared by the respective Vendors and Bondholders if the trading of the Shares are suspended for the purpose of investigation of any breaches of the laws, rules or regulations for a period of more than 14 consecutive trading days
"Early Repayment Date"	two Business Days from the date that the Early Repayment is declared
"Early Repayment under the Agreement"	the repayment of the loan amounts under the Deeds of Payment Undertaking by the Company on or before 31 March 2011
"Enlarged Group"	the Group immediately after Completion
"Escrow Agent"	the escrow agent to be jointly appointed by the Vendors, the Bondholders and the Purchaser, who will hold and release the Consideration Shares or such number of Consideration Shares after the deduction of the Forfeited Consideration Shares or the equivalent amount of cash if the Consideration Shares are disposed of in escrow and in accordance with the terms and conditions of the Escrow Agreement

"Escrow Agreement"	the escrow Agreement to be entered into between the Purchaser, the Vendors, the Bondholders and the Escrow Agent in relation to the escrow arrangement for the Consideration Shares or the equivalent amount of cash
"Excel Blaze"	Excel Blaze limited, a company incorporated in the BVI with limited liability, being one of the Vendors
"Fame Zone"	Fame Zone Limited, a company incorporated in the BVI and a wholly-owned subsidiary of BPG Food & Beverage
"Forfeited Consideration Shares"	the portion of the Consideration Shares to be deducted from the Consideration Shares to be released and delivered by the Escrow Agent to the Vendors and the Bondholders, in accordance with the terms and conditions in the Agreement
"Greater China PE Fund"	Greater China PE Fund L.P., an exempted limited partnership registered in the Cayman Islands, being one of the Bondholders
"Group"	the Company and its subsidiaries
"Guaranteed Expenses"	the expenses of BPG Food & Beverage, Top Honest, Fame Zone, Chance Lead and Wealth Elite for the financial year ending 31 December 2010 of not more than RMB4,000,000, to be shown in the audited consolidated accounts of the Offshore Group for the financial year ending 31 December 2010
"Guaranteed Profit"	the audited consolidated net profits after tax and any minority interests but before any extraordinary or exceptional items of the Beihai Group for the financial year ending 31 December 2010 to be not less than RMB220,000,000
"Guarantor" or "Ms. Xu"	Ms. Xu Xuefeng, who is interested in the entire issued share capital of Sunshine Hero
"Guilin BPG"	桂林果香園農業科技有限公司 (Guilin Perfuming Garden Agricultural Technology Co., Ltd.*), a company established in the PRC with limited liability, being a non wholly-owned subsidiary of BPG Food & Beverage

"Hepu BPG"	合浦果香園食品有限公司 (Hepu Perfuming Garden Food Co., Ltd.*), a company established in the PRC with limited liability, being a non wholly-owned subsidiary of BPG Food & Beverage
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	29 October 2010, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein
"LC II Pineapple"	LC II Pineapple Limited, a company incorporated in the BVI with limited liability, being one of the Bondholders
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"LSE"	The London Stock Exchange plc
"Maturity Date"	31 May 2011, on which the Deeds of Payment Undertaking shall be repaid by the Company in accordance with the terms of the Deeds of Payment Undertaking
"MOU"	the memorandum of understanding dated 7 September 2010 entered into between the Company and BPG Food & Beverage in respect of the Acquisition, and the details of which are set out in the announcement of the Company dated 7 September 2010
"Mr. Huang Xin"	Huang Xin, being one of the warrantors to the Bond Purchase Agreement. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquires, Mr. Huang Xin is a third party independent of the Company and its connected persons
"Offshore Group"	BPG Food & Beverage, Top Honest and Fame Zone, Chance Lead and Wealth Elite
"Percentage Ratios"	the percentage of the Shortfall to be borne by each of the Vendors and the Bondholders, the details of which are set out in this circular

"PLUS Market"	the PLUS-quoted segment for unlisted securities operated by PLUS Market plc, an equity stock exchange based in London, England
"PLUS Rules"	the listing rules for issuers issued by the PLUS Markets plc
"PRC"	the People's Republic of China, which for the purposes of this circular, excludes Hong Kong, Taiwan and Macau Special Administrative Region
"Purchaser"	A-One Success Limited, a company incorporated in the BVI with limited liability, being a wholly-owned subsidiary of the Company
"Repaid Amount"	the actual amount to be repaid on the Maturity Date under the Deeds of Payment Undertaking
"Sale Shares"	10,000 issued share of HK$0.10 each in the issued share capital of BPG Food & Beverage
"SGM"	the special general meeting to be convened to approve the Agreement and the transactions contemplated therein and the Specific Mandate
"Share(s)"	the ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Shortfall"	the excess of (i) the sum of the Guaranteed Profit times 92.94% minus the Guaranteed Expenses over (ii) the sum of the Actual Profit times 92.94% minus the Actual Expenses
"Specific Mandate"	the specific mandate to be sought from the Shareholders at the SGM to authorise to allot and issue the Consideration Shares to the Vendors and the Bondholders pursuant to the Agreement
"Specified Clauses"	Clauses 14, 18, 21, 22 and 26 headed "Confidentiality and Announcements", "Notices", "Costs and Stamp Duty", "Joint and Several Obligations" and "Governing Law and Jurisdiction", respectively in the Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Sunshine Hero"	Sunshine Hero Limited, a limited liability company incorporated in the BVI, being one of the Vendors
"Target Group"	BPG Food & Beverage, Top Honest and Fame Zone and their subsidiaries
"Top Honest"	Top Honest Holdings Limited, a company incorporated in the BVI with limited liability, being a wholly-owned subsidiary of BPG Food & Beverage
"Vendors"	the two vendors under the Agreement, being Sunshine Hero and Excel Blaze
"Wealth Elite"	Wealth Elite Investments Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of Fame Zone
"Zhanjiang BPG"	湛江市果香園食品有限公司 (Zhanjiang Perfuming Garden Food Co., Ltd.*), a company established in the PRC with limited liability, being a non wholly-owned subsidiary of BPG Food & Beverage
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"£"	Pound sterling, the lawful currency of the United Kingdom
"%"	per cent

For the purpose of this circular, unless otherwise stated, conversion of RMB into HK$ is based on the approximate exchange rate of RMB0.86 to HK$1.00. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

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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: 00073; AIM: ACHL)

Executive Directors:
Mr. Tong Wang Chow
Mr. Tong Hung Wai, Tommy
Mr. Cheung Wai Sun
Mr. Pang Yi
Mr. Sung Chi Keung

Non-executive Directors:
Mr. Ip Ching Ming
Hon Peregrine Moncreiffe

Independent non-executive Directors:
Mr. Ma Chiu Cheung, Andrew
Mr. Nicholas Smith
Mr. Yang Zhenhan
Dr. Lui Ming Wah, SBS JP

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of Business in Hong Kong:
Rooms 1109-1112,
Wayson Commercial Building
28 Connaught Road West
Hong Kong

1 November 2010

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

1. INTRODUCTION

Further to the MOU dated 7 September 2010, on 11 October 2010 (after trading hours of the Stock Exchange), the Purchaser (being a wholly-owned subsidiary of the Company), the Company, the Vendors, the Bondholders and the Guarantor entered into the Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors and the Bondholders have conditionally agreed to sell the Sale Shares, being the entire issued share capital of BPG Food & Beverage, for the Consideration of HK$2,040,700,000.

* *For identification purpose only*

As certain applicable percentage ratio(s) as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The Agreement and the transactions contemplated thereunder and the Specific Mandate are therefore subject to the approval of the Shareholders at the SGM.

The purpose of this circular is to provide you with, among others, (i) details of the Agreement; (ii) the financial and other information on the Group; (iii) the financial information on the Target Group; (iv) the unaudited pro forma financial information on the Enlarged Group; and (v) a notice of SGM at which resolutions will be proposed to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder and the Specific Mandate.

2. THE AGREEMENT

Date

11 October 2010 (after trading hours of the Stock Exchange)

Parties

Purchaser:	A-One Success Limited (a wholly-owned subsidiary of the Company)
Vendors:	(i) Sunshine Hero Limited; and (ii) Excel Blaze Limited;
Bondholders:	(i) Billion Ally International Limited; (ii) Billion Step Investments Limited; (iii) Beauty Treasure Group Limited; (iv) LC II Pineapple Limited; and (v) Greater China PE Fund L.P.
Covenantor:	the Company
Guarantor:	Ms. Xu Xuefeng

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendors, the Bondholders, the Guarantor and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Guarantor has agreed to unconditionally and irrevocably undertake to the Purchaser to procure the due and punctual performance of the obligations of the Vendors and the Bondholders under the terms and conditions of the Agreement, by agreeing to indemnify and keep effectively indemnified the Purchaser against all liabilities, losses, damages, costs and expenses stipulated under the Agreement or otherwise which the Purchaser may suffer or incur in connection with any default or delay on the part of the Vendors and the Bondholders in the performance of any such obligations. The Guarantor's liabilities shall not exceed the amount of the Consideration payable to the Vendors and the Bondholders, and the Guarantor's liabilities shall cease on the third anniversary of the Completion Date unless legal proceedings for any of the breaches are instituted against the Guarantor prior thereto.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendors and the Bondholders have conditionally agreed to sell the Sale Shares, being the entire issued share capital of BPG Food & Beverage.

BPG Food & Beverage wholly owns Top Honest and Fame Zone, which through their respective wholly-owned subsidiaries, hold 92.28% and 0.66% of equity interest in Beihai BPG, respectively.

As at the date of the Agreement, BPG Food & Beverage was owned as to 97.57% by Sunshine Hero and 2.43% by Excel Blaze.

On 6 January 2010, the Bond Purchase Agreement was entered into amongst Sunshine Hero (as the bond issuer) and Billion Ally, Billion Step, Beauty Treasure, LC II Pineapple and Greater China PE Fund (each as the bond subscriber), Ms. Xu and Mr. Huang Xin (each as the warrantor), and BPG Food & Beverage. Pursuant to the Bond Purchase Agreement, Sunshine Hero issued and sold to Billion Ally, Billion Step, Beauty Treasure, LC II Pineapple and Greater China PE Fund the exchangeable redeemable bonds of Sunshine Hero, which upon exercise of the conversion rights attached thereto, will be exchangeable into the ordinary shares of BPG Food & Beverage. Pursuant to the Bond Purchase Agreement, the aggregate proceeds of US$30,780,000 from the aforesaid bond issuance were intended to be used by BPG Food & Beverage for the acquisition of fruit juice production facilities and as general working capital. The shareholdings of BPG Food & Beverage (i) as at the date of the Agreement; and (ii) upon the exercise of the rights under the Bond Purchase Agreement, are summarised as follows:

Vendors and Bondholders	As at the date of the Agreement		Upon exercise of the rights under the Bond Purchase Agreement	
	No. of Sale Shares	*Approximate %*	*No. of Sale Shares*	*Approximate %*
Sunshine Hero	9,757	97.57	7,220	72.20
Excel Blaze	243	2.43	243	2.43
Billion Ally	-	-	1,072	10.72
Billion Step	-	-	247	2.47
Beauty Treasure	-	-	165	1.65
LC II Pineapple	-	-	659	6.59
Greater China PE Fund	-	-	394	3.94
Total	10,000	100	10,000	100

Consideration

The Consideration of HK$2,040,700,000 shall be satisfied as to:

(i) HK$780,000,000 of Cash Consideration by way of execution of the Deeds of Payment Undertaking by the Company in favour of Sunshine Hero and each of the Bondholders; and

(ii) the balance of HK$1,260,700,000 by the allotment and issue of a total of 164,153,646 Consideration Shares to the Vendors and the Bondholders.

The Deeds of Payment Undertaking shall be executed and delivered to Sunshine Hero and the Bondholders, and the Consideration Shares shall be allotted and issued, credited as fully paid, to the Vendors and the Bondholders on the Completion Date.

The amount of Cash Consideration payable and the number of Consideration Shares to be allotted and issued to each of the Vendors and the Bondholders are as follows:

Vendors and Bondholders	**Cash Consideration** *HK$*	**Consideration Shares** *No. of Shares*
Sunshine Hero	577,185,610	116,692,681
Excel Blaze	-	6,456,902
Billion Ally	85,698,473	17,326,116
Billion Step	19,745,824	3,992,118
Beauty Treasure	13,190,530	2,666,799
LC II Pineapple	52,682,177	10,651,036
Greater China PE Fund	31,497,386	6,367,994
Total	780,000,000	164,153,646

The Consideration was determined after arm's length negotiation between the Purchaser, the Vendors and the Bondholders with reference to (i) the performance of the Beihai Group; (ii) the net assets of the Beihai Group as at 30 June 2010; (iii) the growth potential of the business of the Beihai Group; and (iv) the possible future earnings contribution from the Beihai Group.

The issue price of HK7.68 per Consideration Share represents:

(i) a discount of approximately 9.65% to the closing price of HK$8.50 per Share as quoted on the Stock Exchange on 11 October 2010, being the date of the Agreement;

(ii) a discount of approximately 3.52% to the average of the closing prices of the Shares as quoted on the Stock Exchange over the last five consecutive trading days up to and including 11 October 2010 of HK$7.96 per Share;

(iii) a discount of approximately 0.52% to the average of the closing prices of the Shares as quoted on the Stock Exchange over the last ten consecutive trading days up to and including 11 October 2010 of HK$7.72 per Share;

(iv) a premium of approximately 3.78% over the average of the closing prices of the Shares as quoted on the Stock Exchange over the last 20 consecutive trading days up to and including 11 October 2010 of HK$7.40 per Share;

(v) a discount of approximately 14,00% to the closing price of HK$8.93 per Share as quoted on the Stock Exchange on 29 October 2010, being the Latest Practicable Date; and

(vi) a premium of approximately 47.41% over the Company's audited net asset value per Share of RMB4.48 (equivalent to approximately HK$5.21) as at 30 June 2010.

In view of the facts that (i) the Consideration Shares to be received by Sunshine Hero and the Bondholders are subject to respective lock-up periods of two years or six months; and (ii) no asset will be pledged to Sunshine Hero and the Bondholders under the Deeds of Payment Undertaking, the Maturity Date of which being 31 May 2011, the Directors consider it appropriate to include in the Agreement the arrangement of the Early Repayment under the Agreement.

In the event that (i) there is Early Repayment under the Agreement; and (ii) the Actual Profit and the Actual Expenses have yet to be determined on such date of Early Repayment under the Agreement, each of Sunshine Hero and the Bondholders shall, within five Business Days from the date of the Early Repayment under the Agreement, deposit (i) their respective Consideration Shares or, (ii) in case the Consideration Shares have been disposed of, the equivalent amount of cash, with the Escrow Agent in accordance with the terms and conditions of the Escrow Agreement.

The Consideration Shares, when issued, will rank pari passu with all other Shares in issue as at the date of the allotment and issue of the Consideration Shares. The Consideration Shares will be alloted and issued under the Specific Mandate.

The Bondholders have undertaken that in the event that there is Early Repayment under the Agreement, they will not, without prior written consent of the Purchaser, at any time from the date of issue of the Consideration Shares up to and including the date falling six months after such date, dispose of their respective Consideration Shares.

Sunshine Hero has undertaken that it will not, without prior written consent of the Purchaser, at any time from the date of issue of the Consideration Shares up to and including the date falling two years after such date, dispose of its Consideration Shares.

The Consideration Shares represent approximately (i) 18.93% of the existing issued share capital of the Company; and (ii) 15.92% of the share capital of the Company as enlarged by the issue of the Consideration Shares. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares. Application will also be made for the Consideration Shares to be admitted to trading on AIM and trading on PLUS Markets.

Principal terms of the Deeds of Payment Undertaking

Aggregate amount:	HK$780,000,000
Maturity Date:	31 May 2011
Interest:	Interest free
Repayment:	To be repaid on the Maturity Date or the Early Repayment Date (whichever is earlier), the Repaid Amount is subject to adjustment in accordance with the conditions and formula as defined in the Agreement. In addition, the Company has the right to early repay before the Maturity Date
Default interest:	3% per month accrued on the amount from the due date up to the date of actual payment
Ranking:	Each of the Deeds of Payment Undertaking shall rank senior to any other unsecured and unsubordinated creditors of the Company, but pari passu to each other Deeds of Payment Undertaking

In respect of the Target Group for the financial year ending 31 December 2010,

(a) If (i) there is a Shortfall; (ii) there is Early Repayment under the Agreement; and (iii) each of the Vendors and the Bondholders has deposited its respective Consideration Shares or, in case the Consideration Shares have been disposed of, the equivalent amount of cash with the Escrow Agent, the Purchaser shall be entitled to adjust the Consideration by giving instruction to the Escrow Agent to release and deliver the relevant deposited Consideration Shares or the equivalent amount of cash after deducting the Forfeited Consideration Shares or the equivalent amount of cash to the respective Vendors or Bondholders in accordance with the Percentage Ratios as set out below:

Shortfall	=	(the sum of Guaranteed Profit x 92.94% – Guaranteed Expenses) – (the sum of Actual Profit x 92.94% – Actual Expenses)
Forfeited Consideration Shares	=	(Shortfall x 8.58) x the respective Percentage Ratio / the issue price of the Shares (i.e. HK$7.68)

The multiplier of 8.58 refers to the price-to-earning multiple calculated based on the following formula:

(Consideration x (exchange rate of HK$1 to RMB0.86))/(Guaranteed Profit x BPG Food & Beverage's equity interest in Beihai BPG)

(b) If (i) there is a Shortfall; and (ii) there is no Early Repayment under the Agreement; and (iii) each of the Vendors and the Bondholders are not required to deposit their respective Consideration Shares or, in case the Consideration Shares have been disposed of, the equivalent amount of cash with the Escrow Agent, the Deeds of Payment Undertaking shall be repaid by the Company. The Repaid Amount, being the actual amount to be paid by the Company to each of Sunshine Hero and the Bondholders, will be determined in accordance with the following formula:

Repaid Amount = Cash Consideration – ((Shortfall x 8.58) x the respective Percentage Ratio)

As agreed by all the parties to the Agreement, Excel Blaze will receive its entitled part of the Consideration solely by way of Consideration Shares and is not entitled to any Cash Consideration. The Consideration Shares payable to Excel Blaze will be adjusted in accordance with the formula as mentioned in (a) above.

The Percentage Ratios represent the respective portion of the Shortfall to be borne by each of the Vendors and the Bondholders. The Percentage Ratios were determined after arm's length negotiations between the Vendors and the Bondholders, with reference to the consideration adjustment mechanism contemplated under the Agreement and the Bond Purchase Agreement. Pursuant to the Bond Purchase Agreement, Sunshine Hero has undertaken to guarantee to the Bondholders that the audited consolidated profit after taxation and excluding any extraordinary items of Beihai BPG for the year ending 31 December 2010 will not be less than RMB190 million.

In the event that the Actual Profit is more than RMB190 million but less than RMB220 million, the Percentage Ratios to be applied to Sunshine Hero, Excel Blaze, Billion Ally, Billion Step, Beauty Treasure, LC II Pineapple and Greater China PE Fund would be 96.69%, 0.28%, 1.28%, 0.29%, 0.20%, 0.79% and 0.47%, respectively.

In the event that the Actual Profit is equal to or less than RMB190 million, the Shortfall will be wholly borne by Sunshine Hero.

Conditions precedent

The Agreement is subject to and conditional upon the fulfillment of the following conditions:

(i) the Purchaser being satisfied in its absolute discretion with the results of the due diligence reviews with respect to the Acquisition;

(ii) the warranties as set out in the Agreement remaining true and accurate and not misleading in all respects;

(iii) the Agreement and the transactions contemplated thereunder including the allotment and issue of the Consideration Shares having been approved by the Shareholders at the SGM;

(iv) the granting of the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Consideration Shares being admitted to trading on AIM in accordance with rule 6 of the AIM Rules and being admitted to trading on PLUS in accordance with rule 17 of the PLUS Rules;

(v) the Vendors and the Bondholders having complied fully with their respective obligations with respect to the conduct of the Target Group pending Completion as set out in the Agreement and having performed all of the covenants and agreements as required under the Agreement prior to Completion;

(vi) (if so required) the Bermuda Monetary Authority granting permission for the allotment and issue of the Consideration Shares;

(vii) all charges, pledges or such other security over the Sale Shares, the shares of the members of the Target Group and their respective assets having been fully discharged and released;

(viii) the Bondholders having exercised their rights under the Bond Purchase Agreement and becoming the shareholders of BPG Food & Beverage in accordance with the terms and conditions of the Bond Purchase Agreement;

(ix) a Bermuda legal opinion in relation to the validity and enforceability of the Agreement and the Deeds of Payment Undertaking being prepared and delivered to Sunshine Hero and the Bondholders at their own costs and in the form and substance to the satisfaction of the Bondholders; and

(x) all necessary consents required to be obtained for the transactions contemplated under the Agreement having been granted by third parties, including governmental, official or regulatory authorities and all other necessary consents and approval required pursuant to any legal or regulatory requirements, including but not limited to those under the Listing Rules, the AIM Rules and the PLUS Rules, being obtained.

The Purchaser shall have the right to waive any of the conditions precedent (except (iii), (iv), (vi) and (x)). If the conditions precedent have not been satisfied or waived on or before 12:00 noon on 31 December 2010 (or such other later date as maybe agreed in writing by the parties), the Agreement (save for the Specified Clauses in the Agreement) shall cease and neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof. As at the Latest Practicable Date, none of the conditions precedent had been satisfied or waived.

Completion

Completion shall take place at 5:00 p.m. on the Completion Date upon the compliance with or the fulfillment of all the conditions precedent or waiver of such conditions which the Purchaser has the right to waive, which shall in any event be on or before 31 December 2010, or such other date as the parties may agree. Upon Completion, the Vendor and the Bondholders shall deliver to the Purchaser the required documents, including but not limited to, books and records, certificates and/or written instruments as set out in the Agreement, in particular, the written resignations of Mr. Chang Tat Joel and Mr. Ng Hoi Kit Michael as non-executive directors of each relevant company in the Target Group.

In the event that the delivery of any of the above mentioned documents is not complied with, the Purchaser shall have the right to defer Completion to a day not more than 14 days after the Completion Date or to proceed to Completion or rescind the Agreement without any liability on its part.

3. SHAREHOLDING STRUCTURES OF THE COMPANY

The following table sets out the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the Consideration Shares, assuming that there would be no change in the issued share capital of the Company between the period from the Latest Practicable Date to the date of issuance of the Consideration Shares:

	As at the Latest Practicable Date		**Immediately after the allotment and issue of the Consideration Shares**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Market Ahead Investments Limited ("Market Ahead") *(Note 1)*	271,223,153	31.28	271,223,153	26.30
Huge Market Investments Limited *(Note 2)*	163,014,026	18.80	163,014,026	15.81
Sunshine Hero	-	-	116,692,681	11.31
Excel Blaze	-	-	6,456,902	0.62
Billion Ally	-	-	17,326,116	1.68
Billion Step	-	-	3,992,118	0.39
Beauty Treasure	-	-	2,666,799	0.26
LC II Pineapple	-	-	10,651,036	1.03
Greater China PE Fund	-	-	6,367,994	0.62
Public Shareholders	432,891,915	49.92	432,891,915	41.98
Total	867,129,094	100.00	1,031,282,740	100.00

Notes:

(1) Market Ahead is a company incorporated in the BVI, the issued share capital of which is beneficially owned as to 76% by Mr. Tong Wang Chow, the Chairman and an executive Director, 6% by Mr. Tong Hung Wai Tommy, an executive Director, 6% by Mrs. Tong Lee Fung Kiu, 6% by Ms. Tong Mei Lin and 6% by Mr. Lee Kun Chung.

(2) The entire issued share capital of Huge Market Investments Limited is held by Chaoda Modern Agriculture (Holdings) Limited ("Chaoda").

As shown in the above table, the Acquisition will not result in a change in control of the Company.

4. INFORMATION ON THE VENDORS, THE BONDHOLDERS AND THE GUARANTOR

Information on the Vendors

Sunshine Hero and Excel Blaze are companies incorporated in the BVI with limited liability and are principally engaged in investment holding.

Information on the Bondholders

Each of Billion Ally, Billion Step and Beauty Treasure is a company incorporated in the BVI with limited liability and is controlled by AID Partners Assets Management Limited, which is ultimately owned by AID Partners Capital I, L.P., an Asian private equity fund.

LC II Pineapple Limited is a company incorporated in the BVI with limited liability and is controlled by Lunar Capital Partners II L.P. which is a Hong Kong-based private equity fund.

Greater China PE Fund L.P. is an exempted limited partnership registered in the Cayman Islands and is a private equity fund controlled by Greater China Investments GP (Cayman) Limited which is owned by Mizuho Securities Co., Ltd. and Walkers Fund Services Limited.

Information on the Guarantor

Ms. Xu is interested in the entire issued share capital of Sunshine Hero.

5. INFORMATION ON THE TARGET GROUP

BPG Food & Beverage

BPG Food & Beverage was incorporated in the Cayman Islands with limited liability on 4 January 2010. The principal business of BPG Food & Beverage is investment holdings.

Beihai BPG

Beihai BPG is headquartered in the Guangxi Zhuang Autonomous Region and is a leading producer and seller of tropical fruit juice concentrates, fruit purees and quick-frozen fruits in the PRC with an annual production capacity of over 60,000 tonnes. Beihai BPG's production sites are located in Beihai and Hepu in Guangxi Province with a combined site area of approximately 109,000 square metres.

Beihai BPG processes over ten different types of tropical fruits, including pineapples, passion fruit, lychees, mangoes and papayas. Beihai BPG currently generates most of its sales from the PRC market, with key customers being beverage mixers supplying major beverage groups.

According to a report issued by the China Beverage Industry Association in 2010, Beihai BPG was the largest supplier of tropical fruit juice concentrates in the PRC from 2007 to 2009 in terms of production volume and had a production volume three times larger than its next closest local competitor. Beihai BPG was also the largest producer of pineapple juice concentrate and lychee juice concentrate from 2007 to 2009, each having a production volume several times larger than its next closest local competitor for the respective products.

Beihai BPG has three wholly-owned subsidiaries, namely Hepu BPG, Guilin BPG and Zhanjiang BPG.

Financial information

The table below sets forth the financial information based on the unaudited management accounts of the Target Group (which were prepared in accordance with the Hong Kong Financial Reporting Standards) for the two years ended 31 December 2009 and for the six months ended 30 June 2010 provided by the Vendors:

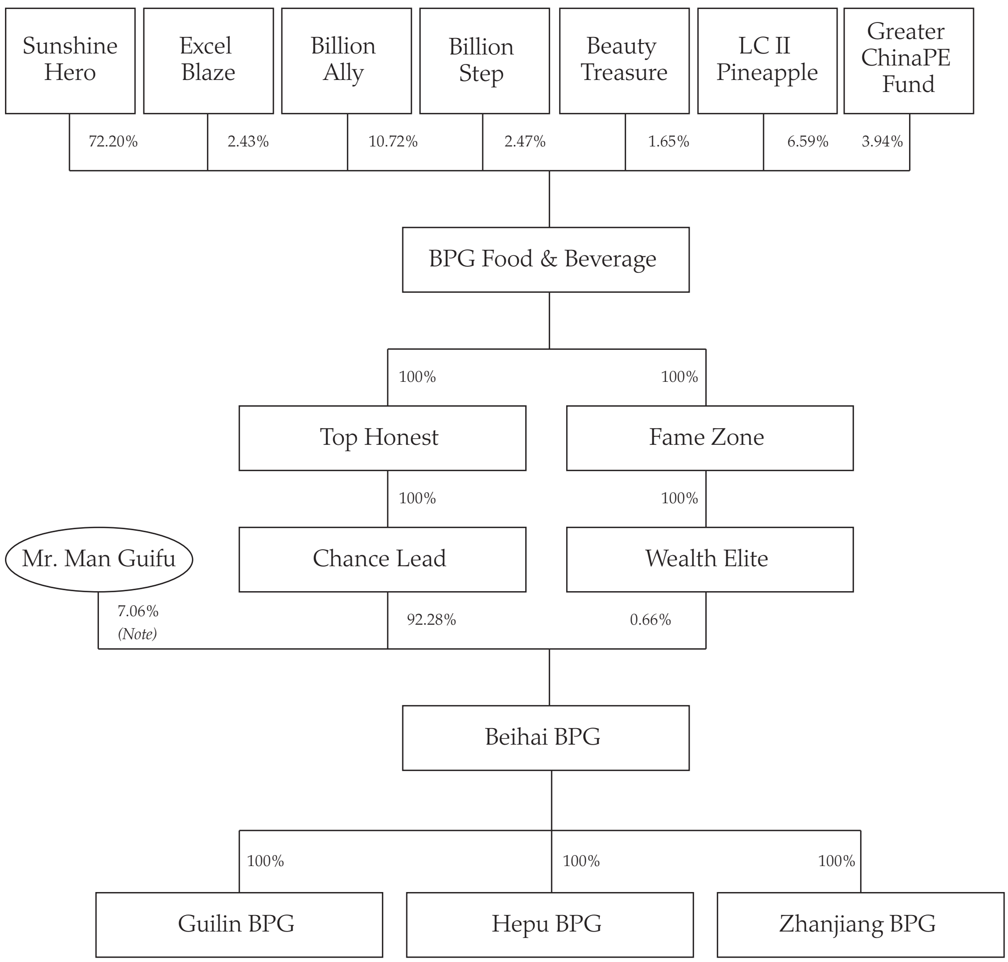
	For the year ended 31 December		**For the six months ended 30 June**
	2008	**2009**	**2010**
	RMB million	*RMB million*	*RMB million*
Revenue	377	467	267
Profit before income tax	142	167	109
Profit after income tax	141	167	109

	As at 31 December		**As at 30 June**
	2008	**2009**	**2010**
	RMB million	*RMB million*	*RMB million*
Total asset value	582	729	1,030
Net asset value	536	703	781

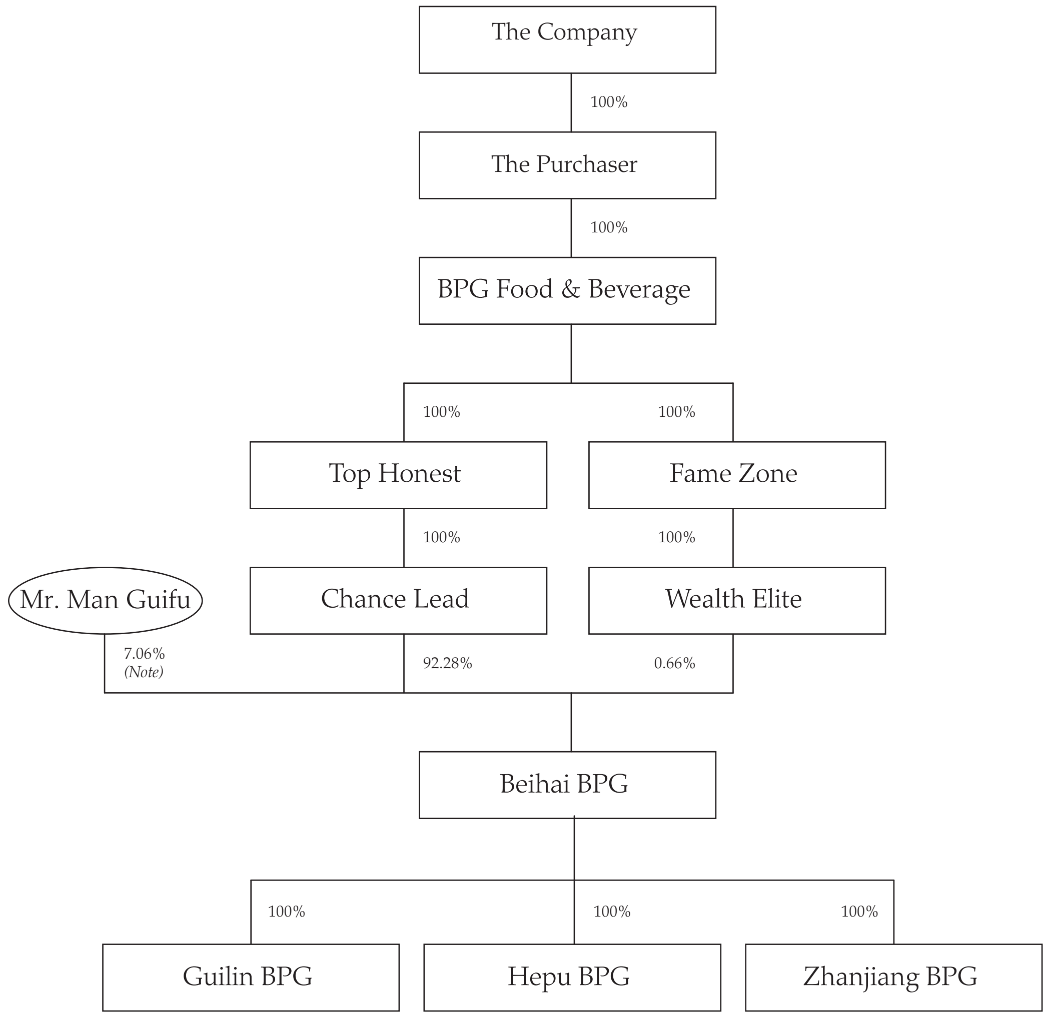
6. SHAREHOLDING STRUCTURES OF THE TARGET GROUP

Set out below is the shareholding structures of the Target Group

(i) as at the Latest Practicable Date (assuming the Bondholders having exercised their rights under the Bond Purchase Agreement and becoming the shareholders of BPG Food & Beverage in accordance with the terms and conditions of the Bond Purchase Agreement):



(ii) immediately after Completion:



Note: Mr. Man Guifu, a co-founder and an executive director of Beihai BPG, was interested in 7.06% of the equity interest of Beihai BPG as at the Latest Practicable Date. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Mr. Man Guifu is a third party independent of the Company and its connected persons.

7. REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The Company is an investment holding company. The Group owns and operates orange plantation in the PRC and is principally engaged in the cultivation, production and sale of oranges.

The Group is one of the largest orange producers in the PRC with a national market share of approximately 2% to 3% in 2009, according to a research by Guangxi Citrus Research Institute. Leveraged on this scale of orange production, the Group is posed to expand the scope of its operations by acquiring this business of fruit juice concentrate production, as well as to diversify the Group's source of income.

The Board considers that the vertical integration into downstream fruit juice concentrate production will create synergies to the Group after Completion, including among other considerations, cost reduction, stability and flexibility in supply and sharing of market information which should give the Group an advantage over its competitors.

Beihai BPG has established long-term relationships with a number of major customers, including large international food and beverage companies, with active business relationships with its top ten customers for over five years. The Company considers that the extensive client base of Beihai BPG will become a valuable asset of the Group after Completion and add to the Group existing client base.

The increasing consumption per capita in the PRC in conjunction with the rising health consciousness among PRC consumers has created a booming, though largely unexploited fruit juice market in the PRC. Leveraged on Beihai BPG's leading position in fruit juice production, the Company considers that Beihai BPG will continue to enjoy robust performance and contribute to the Group's profit, given Beihai BPG's well-established operations and profitable track record in combination with the positive outlook of the fruit juice market in the PRC and the proliferation of fruit juice consumption among PRC consumers who are becoming increasingly health-conscious.

The Directors are consequently of the view that (i) the acquisition of the Target Group is an effective and efficient way for the Group to expand into the growing concentrated fruit juice market; and (ii) the terms of the Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Shareholders as a whole.

8. FINANCIAL EFFECTS OF THE ACQUISITION

Earnings

Upon Completion, the results of the Target Group will be consolidated with that of the Group. According to the financial information on the Target Group set out in Appendix II, the Target Group recorded an unaudited consolidated net profit of RMB109 million for the six months ended 30 June 2010, representing an increase of 23.9% from the same period in 2009. In view of the profitable track record of the Target Group, the Directors believe the Acquisition will enchance the earnings potential of the Group.

Net assets

As noted from the annual report of the Company for the year ended 30 June 2010, the consolidated total assets and total liabilities of the Group were approximately RMB3,871 million and approximately RMB52 million, respectively. The net assets of the Group were approximately RMB3,819 million.

On the basis of the assumptions set out in the unaudited pro forma financial information as set out in Appendix III to this circular, it is noted that the unaudited pro forma consolidated total assets of the Enlarged Group would be approximately RMB5,652 million and the unaudited pro forma consolidated total liabilities of the Enlarged Group would be approximately RMB980 million. Accordingly, the unaudited pro forma consolidated net assets of the Enlarged Group (including minority interest) would be approximately RMB4,672 million as if the Acquisition had taken place on 30 June 2010. Shareholders should refer to the "Unaudited pro forma information on the Enlarged Group" as set out in Appendix III to this circular.

Liquidity

As at 30 June 2010, the cash and cash equivalents of the Group were approximately RMB975 million. As the Acquisition does not require immediate cash outlay, the Acquisition will not have immediate impact on the liquidity position of the Group.

Goodwill

In the opinion of the directors of the Company, no impairment provision was considered necessary for the goodwill relating to the Acquisition as at the Latest Practicable Date. At the date of Completion, a reassessment will be carried out by the Company to determine as to whether any adjustment to goodwill is necessary to be made, and further announcement will be issued if any adjustment is so required.

9. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the cultivation, production and sale of oranges in the PRC. According to the annual report of the Company for the year ended 30 June 2010, the Group recorded an audited net profit after tax of approximately RMB585 million, representing an increase of approximately 33.0% from approximately RMB440 million for the year ended 30 June 2009.

The Group has been expanding its sales channel, in particular, the direct sales to supermarkets. The expansion of the direct sales to supermarkets has increased the Group's income and strengthened the Group's client base by introducing new supermarket customers. The Group's supermarket customers have increased from two in 2005 to 20 as at 30 June 2010, covering most major cities and coastal provinces in the PRC.

While working on achieving higher production volume from the Group's plantations, the Group aims to increase production of high-quality citrus fruits through the possible acquisition of a plantation and by capitalising on the ongoing saplings programme with local farmers, which will enable the Group to source high-quality oranges from the farmers.

In addition to the fresh fruits market, the Group considers that the fruit juice market in the PRC will continue to proliferate and hence, the Group believes that the Acquisition will allow the Group to capitalise on the growth in the fruit juice market in the PRC.

10. GENERAL

As certain applicable percentage ratio(s) as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The Agreement and the transactions contemplated thereunder and the Specific Mandate are therefore subject to the approval of the Shareholders at the SGM. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, none of the Shareholders has a material interest in the Agreement or is required to abstain from voting on the resolutions to approve the Agreement and the transactions contemplated thereunder.

As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

11. RECOMMENDATION

The Directors are of the opinion that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of the SGM.

12. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Asian Citrus Holdings Limited
Tong Wang Chow
Chairman

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 30 June 2008, 2009 and 2010 are disclosed in the annual reports of the Company for the years ended 30 June 2008 (pages 36 to 86), 2009 (pages 36 to 85) and 2010 (pages 45 to 100) respectively, of which the annual report for the financial year ended 30 June 2010 is published on the website of the Stock Exchange (www.hkex.com.hk) and the annual reports for the three financial years ended 30 June 2008, 2009 and 2010 are published the website of the Company (http:// www.asian-citrus.com).

2. INDEBTEDNESS

At the close of business on 30 September 2010, being the latest practicable date prior to the printing of this circular for the purpose of this statement of indebtedness, the Enlarged Group had no outstanding indebtedness or bank facilities.

Contingent liabilities

At the close of business on 30 September 2010, the Enlarged Group did not have any significant contingent liabilities and any off-balance sheet arrangement.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, the Enlarged Group did not have, at the close of business on 30 September 2010, any mortgages, charges, debentures, loan capital, bank overdrafts, loans, liabilities under acceptance or other similar indebtedness, hire purchase or finance lease obligations or any guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the financial resources available to the Enlarged Group and its internal generated funds, the Enlarged Group shall have sufficient working capital for at least 12 months from the Latest Practicable Date in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there have been no material adverse change in the financial or trading position or outlook of the Group since 30 June 2010, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

ACCOUNTANTS' REPORT ON THE TARGET GROUP

The following is the text of accountants' report on the target group, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong:

Grant Thornton
均富

Member of Grant Thornton International Ltd

1 November 2010

The Board of Directors
Asian Citrus Holdings Limited
Room 1109-1112
Wayson Commercial Building
28 Connaught Road West
Hong Kong

Dear Sirs,

We set out below our report on the financial information of BPG Food & Beverage Holdings Ltd. (the "Target Company") and its subsidiaries (collectively referred to as the "Target Group") including the Target Company and combined statements of financial position of the Target Group as at 31 December 2007, 2008 and 2009 and 30 June 2010, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the three years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010 (the "Relevant Periods") and notes thereto (hereinafter collectively referred to as the "Financial Information"), together with the unaudited financial information of the Target Group including the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30 June 2009 (the "30 June 2009 Corresponding Information"), prepared for inclusion in the circular dated 1 November 2010 (the "Circular") issued by Asian Citrus Holdings Limited (the "Company") in connection with the proposed acquisition of the entire issued share capital of the Target Company (the "Acquisition"). Upon completion of the Acquisition, the effective equity interest of the Company in 北海市果香園果汁有限公司 (Beihai Perfuming Garden Juice Co., Ltd.*) ("Beihai BPG") and its subsidiaries (collectively referred to as the "Beihai Group") will be 92.94%.

* *The unofficial English translation is for identification purpose only*

The Target Company was incorporated in the Cayman Islands on 4 January 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands with an authorised share capital of HK$100,000 divided into 1,000,000 ordinary shares of HK$0.1 each. Its registered office is at P.O. Box 2681, Cricket Square, Hutchins Drive, George Town, Grand Cayman, Cayman Islands. The principal activity of the Target Company is investment holding.

Pursuant to a group reorganisation completed on 15 April 2010 (the "Reorganisation") as detailed in Note 1 of Section II below, the Target Company became the holding company of the companies now comprising the Target Group. The Target Company has not carried on any business since the date of its incorporation. As at the date of this report, the Target Company is controlled by Sunshine Hero Limited ("Sunshine Hero"), a limited liability company incorporated in the British Virgin Islands.

Details of the Target Company's direct and indirect interests in its subsidiaries at the date of this report are set out in Note 1 of Section II below. All companies comprising the Target Group adopt 31 December as their financial year end date. The statutory financial statements of the Target Company's subsidiaries, Beihai BPG and 合浦果香園食品有限公司 (Hepu Perfuming Garden Food Co., Ltd.*) for each of the three years ended 31 December 2007, 2008 and 2009 prepared in accordance with the accounting principles and relevant accounting rules applicable to enterprises in the People's Republic of China (the "PRC"), have been audited by 南寧金譽聯合會計師事務所 (Nanning Jinyu Certified Public Accountants Co., Ltd.*). No statutory audited financial statements of the Target Company, Fame Zone Limited and Top Honest Holdings Limited have been prepared since their respective dates of incorporation as there were no statutory audit requirement under the relevant rules and regulations in the Cayman Islands and the British Virgin Islands. No statutory audited financial statements of Chance Lead Holdings Limited, Wealth Elite Investments Limited, 桂林果香園農業科技有限公司 (Guilin Perfuming Garden Agricultural Technology Co., Ltd.*) and 湛江市果香園食品有限公司 (Zhanjiang Perfuming Garden Food Co., Ltd.*) have been prepared as their first statutory audited financial statements for the period from their respective dates of incorporation are not due to be issued.

The Target Company was incorporated on 4 January 2010 for the purpose of taking over the operation and management of the Beihai Group. Prior to the Reorganisation, the Beihai Group was controlled by the owner of Sunshine Hero, the Beihai Group was assumed by the Target Company without changes in beneficial ownership and management. Accordingly, for the purpose of this report, the relevant assets and liabilities that are identifiable and related to the Beihai Group are included in the combined statements of financial position of the Target Company as at 31 December 2007, 2008, 2009 and 30 June 2010 at their carrying amounts, while the results and cash flows of the Beihai Group are included in the combined statements of comprehensive income, combined statements of cash flows and combined statements of changes in equity of the Target Company since 1 January 2007.

* *The unofficial English translation is for identification purpose only*

For the purpose of this report, the directors of the Target Company have prepared the financial statements of the Target Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). We have, for the purpose of this report, carried out appropriate audit procedures in respect of the Underlying Financial Statements of the Target Group for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information for the Relevant Periods as set out in this report has been prepared by the directors of the Target Company based on the Underlying Financial Statements and in accordance with applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance. For the purpose of this report, we have examined the Financial Information of the Target Group and carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the Financial Information, the directors of the Target Company are responsible for the preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view in accordance with HKFRSs. The directors of the Company are responsible for the contents of the Circular in which this report is included. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

For the purpose of this report, we have also reviewed the 30 June 2009 Corresponding Information, which are prepared in accordance with HKFRSs and for which the directors of the Target Company are responsible, in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. Our responsibility is to express a conclusion on the 30 June 2009 Corresponding Information based on our review. A review principally consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to the 30 June 2009 Corresponding Information. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 30 June 2009 Corresponding Information.

Opinion and review conclusion

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Target Group and the Target Company as at 31 December 2007, 2008 and 2009 and 30 June 2010 and of the combined results and combined cash flows of the Target Group for the years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010.

Based on our review, which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the 30 June 2009 Corresponding Information is not prepared, in all material respects, in accordance with the accounting policies adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

Combined Statements of Comprehensive Income

					Six months ended	
		Year ended 31 December			30 June	
	Notes	**2007**	**2008**	**2009**	**2009**	**2010**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	6	300,782	376,754	466,713	221,862	267,499
Cost of sales		(165,200)	(218,110)	(284,135)	(128,396)	(155,007)
Gross profit		135,582	158,644	182,578	93,466	112,492
Other revenue and net income	6	3,036	1,116	2,106	940	3,628
Selling and distribution costs		(1,441)	(10,122)	(3,189)	(1,472)	(1,782)
Administrative expenses		(5,677)	(5,298)	(13,778)	(4,486)	(5,448)
Other operating expenses		(42)	(859)	(303)	(5)	(39)
Finance costs	7	(1,575)	(1,637)	(517)	(516)	–
Profit before income tax	8	129,883	141,844	166,897	87,927	108,851
Income tax expense	11	–	(1,323)	–	–	–
Profit for the year/period		129,883	140,521	166,897	87,927	108,851
Other comprehensive income for the year/period						
Exchange differences on translation of financial statements of foreign operations		–	–	–	–	1,771
Total comprehensive income for the year/period		129,883	140,521	166,897	87,927	110,622

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit for the year/period attributable to:					
Owners of the Target Company	82,316	91,339	108,483	57,153	89,889
Non-controlling interests	47,567	49,182	58,414	30,774	18,962
	129,883	140,521	166,897	87,927	108,851
Total comprehensive income for the year/period attributable to:					
Owners of the Target Company	82,316	91,339	108,483	57,153	91,535
Non-controlling interests	47,567	49,182	58,414	30,774	19,087
	129,883	140,521	166,897	87,927	110,622

Combined Statements of Financial Position

	Notes	At 31 December 2007	2008	2009	At 30 June 2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*14*	344,997	317,906	332,973	326,566
Land use rights	*15*	5,601	5,481	5,361	5,301
Intangible assets	*16*	6	19,323	17,302	16,291
Deposits and prepayments	*20*	11,064	136,850	188,442	160,049
		361,668	479,560	544,078	508,207
Current assets					
Inventories	*18*	17,882	16,919	12,260	50,984
Trade receivables	*19*	30,476	21,412	23,141	22,857
Prepayments, deposits and other receivables	*20*	1,613	29,321	945	36,617
Amounts due from related companies	*21*	21,883	5,080	1,288	–
Cash and cash equivalents	*22*	16,972	29,517	147,039	411,467
		88,826	102,249	184,673	521,925
Current liabilities					
Trade payables	*23*	9,215	7,215	6,094	21,187
Accrued liabilities, other payables and deposits received	*24*	13,550	14,412	19,297	8,452
Amounts due to a related company	*21*	–	–	87	428
Amounts due to directors	*25*	9,874	1,806	–	–
Amounts due to a shareholder	*25*	–	–	–	218,810
Interest-bearing bank borrowings, secured	*26*	22,000	22,000	–	–
		54,639	45,433	25,478	248,877
Net current assets		34,187	56,816	159,195	273,048
Total assets less current liabilities / Net assets		395,855	536,376	703,273	781,255

		At 31 December			At 30 June
	Notes	**2007**	**2008**	**2009**	**2010**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
EQUITY					
Equity attributable to the owners of the target company					
Share capital	*27*	32,500	32,500	32,500	1
Reserves	*28*	227,268	318,607	427,090	711,074
		259,768	351,107	459,590	711,075
Non-controlling interests		136,087	185,269	243,683	70,180
Total equity		395,855	536,376	703,273	781,255

Statement of Financial Position

	Notes	**At 30 June 2010** *RMB'000*
ASSETS AND LIABILITIES		
Non-current asset		
Interests in subsidiaries	*17*	–
Current asset		
Amount due from a subsidiary	*17*	218,757
Current liability		
Amount due to a shareholder	*25*	218,810
Total assets less current liabilities/ Net liabilities		(53)
EQUITY		
Share capital	*27*	1
Accumulated losses		(54)
Capital deficiency		(53)

Combined Statements of Changes in Equity

	Equity attributable to the owners of the Target Company									
	Share capital	Share premium	Statutory reserves	Exchange reserve	Merger reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	13,000	–	10,676	–	400	–	129,713	153,789	82,983	236,772
Shareholders' contributions	19,500	–	–	–	–	–	–	19,500	10,500	30,000
Acquisition of non-controlling interests in a subsidiary	–	–	–	–	(400)	4,563	–	4,163	(4,963)	(800)
Transactions with owners	19,500	–	–	–	(400)	4,563	–	23,663	5,537	29,200
Profit and total comprehensive income for the year	–	–	–	–	–	–	82,316	82,316	47,567	129,883
Transfer to statutory reserves	–	–	8,536	–	–	–	(8,536)	–	–	–
At 31 December 2007 and 1 January 2008	32,500	–	19,212	–	–	4,563	203,493	259,768	136,087	395,855
Profit and total comprehensive income for the year	–	–	–	–	–	–	91,339	91,339	49,182	140,521
Transfer to statutory reserves	–	–	5,842	–	–	–	(5,842)	–	–	–
At 31 December 2008 and 1 January 2009	32,500	–	25,054	–	–	4,563	288,990	351,107	185,269	536,376
Profit and total comprehensive income for the year	–	–	–	–	–	–	108,483	108,483	58,414	166,897
Transfer to statutory reserves	–	–	1,033	–	–	–	(1,033)	–	–	–
At 31 December 2009 and 1 January 2010	32,500	–	26,087	–	–	4,563	396,440	459,590	243,683	703,273

	Equity attributable to the owners of the Target Company									
	Share capital	**Share premium**	**Statutory reserves**	**Exchange reserve**	**Merger reserve**	**Other reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Capital injection into a subsidiary	–	–	–	–	–	186,353	–	186,353	(186,353)	–
Acquisition of non-controlling interests in a subsidiary	–	27,071	–	–	–	(20,975)	–	6,096	(6,237)	(141)
Elimination of paid-in capital in connection with the reorganisation	(32,500)	–	–	–	32,500	–	–	–	–	–
Other distribution	–	–	–	–	(32,500)	–	–	(32,500)	–	(32,500)
Issue of share	1	–	–	–	–	–	–	1	–	1
Transactions with owners	(32,499)	27,071	–	–	–	165,378	–	159,950	(192,590)	(32,640)
Profit for the period	–	–	–	–	–	–	89,889	89,889	18,962	108,851
Other comprehensive income										
- Exchange differences on translation of financial statements of foreign operations	–	–	–	1,646	–	–	–	1,646	125	1,771
Total comprehensive income for the period	–	–	–	1,646	–	–	89,889	91,535	19,087	110,622
Transfer to statutory reserve	–	–	858	–	–	–	(858)	–	–	–
At 30 June 2010	1	27,071	26,945	1,646	–	169,941	485,471	711,075	70,180	781,255
Six months ended 30 June 2009 (unaudited)										
At 1 January 2009	32,500	–	25,054	–	–	4,563	288,990	351,107	185,269	536,376
Profit and total comprehensive income for the period	–	–	–	–	–	–	57,153	57,153	30,774	87,927
Transfer to statutory reserves	–	–	446	–	–	–	(446)	–	–	–
At 30 June 2009	32,500	–	25,500	–	–	4,563	345,697	408,260	216,043	624,303

Combined Statements of Cash Flows

		Year ended 31 December			Six months ended 30 June	
	Note	**2007**	**2008**	**2009**	**2009**	**2010**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Cash flows from operating activities						
Profit before income tax		129,883	141,844	166,897	87,927	108,851
Adjustments for:						
Interest expenses	*7*	1,575	1,637	517	516	–
Interest income	*6*	(113)	(145)	(285)	(100)	(362)
Depreciation on property, plant and equipment	*8*	22,504	29,687	31,013	14,715	16,896
Amortisation of land use rights	*8*	120	120	120	60	60
Amortisation of intangible assets	*8*	1	883	2,021	1,011	1,011
(Gain)/Loss on disposals of property, plant and equipment	*6, 8*	(792)	28	187	–	–
Operating profit before working capital changes		153,178	174,054	200,470	104,129	126,456
(Increase)/decrease in inventories		(6,643)	963	4,659	(9,506)	(38,724)
(Increase)/decrease in trade receivables		(24,210)	9,064	(1,729)	607	284
(Increase)/decrease in prepayments, deposits and other receivables		(507)	(27,708)	(19,663)	141	(7,381)
(Increase)/decrease in amounts due from related companies		(21,883)	16,803	3,792	3,237	1,288
(Decrease)/increase in trade payables		(1,397)	(2,000)	(1,121)	(541)	15,093
(Decrease)/increase in accrued liabilities, other payables and deposits received		(9,295)	(838)	3,388	4,843	(10,845)
Increase/(decrease) in amounts due to directors		1,093	(8,068)	(1,806)	(1,495)	–
(Decrease)/increase in amounts due to a related company		(1,415)	–	87	–	341
Cash generated from operations		88,921	162,270	188,077	101,415	86,512
Interest received		113	145	285	100	362
Income tax paid		–	(1,323)	–	–	–
Net cash generated from operating activities		89,034	161,092	188,362	101,515	86,874

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Cash flows from investing activities					
Purchases of property, plant and equipment	(103,754)	(522)	(26,816)	(12,582)	(9,539)
Payments for construction in progress	(6,025)	(1,040)	(2,318)	(2,118)	(788)
Deposits paid for acquisition of property, plant and equipment	(1,064)	(136,850)	(19,953)	(13,477)	(60)
Payments for intangible assets	(10,000)	(8,500)	–	–	–
Proceeds from disposals of property, plant and equipment	3,554	2	764	–	–
Acquisition of non-controlling interests in a subsidiary	(800)	–	–	–	–
Acquisition of additional interests in a subsidiary	–	–	–	–	(32,500)
Net cash used in investing activities	(118,089)	(146,910)	(48,323)	(28,177)	(42,887)
Cash flows from financing activities					
Proceeds from issued capital	30,000	–	–	–	1
Proceeds from interest-bearing bank borrowings	19,000	22,000	–	–	–
Repayments of interest-bearing bank borrowings	(10,800)	(22,000)	(22,000)	(22,000)	–
Loan from a shareholder	–	–	–	–	220,686
Interest paid	(1,575)	(1,637)	(517)	(516)	–
Net cash generated from/(used in) financing activities	36,625	(1,637)	(22,517)	(22,516)	220,687
Net increase in cash and cash equivalents	7,570	12,545	117,522	50,822	264,674
Effect of foreign exchange rate changes	–	–	–	–	(246)
Cash and cash equivalents at beginning of the year/period	9,402	16,972	29,517	29,517	147,039
Cash and cash equivalents at end of the year/period	16,972	29,517	147,039	80,339	411,467

II. NOTES TO THE FINANCIAL INFORMATION AND THE 30 JUNE 2009 CORRESPONDING INFORMATION

1. CORPORATE INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

The Target Company was incorporated in the Cayman Islands on 4 January 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands with an authorised share capital of HK$100,000 divided into 1,000,000 ordinary shares of HK$0.1 each. Its registered office is PO Box 2681, Cricket Square, Hutchins Drive, George Town, Grand Cayman, Cayman Islands. The principal activity of the Target Company is investment holding.

Reorganisation

During the period from 1 January 2007 to 31 December 2009, 65% of the equity interest of Beihai BPG was beneficially owned by the controlling shareholder (the "Controlling Shareholder").

Upon the incorporation of the Target Company on 4 January 2010, the Target Company was owned by its sole shareholder, namely Sunshine Hero Limited ("Sunshine Hero"), which is wholly-owned by the Controlling Shareholder since its incorporation. The Target Company has a direct wholly-owned subsidiary, Top Honest Holdings Limited ("Top Honest"), which in turn has a direct wholly-owned subsidiary, Chance Lead Holdings Limited ("Chance Lead").

On 8 April 2010, the Controlling Shareholder made a capital contribution of RMB176.8 million (equivalent of US$26,000,000) to Beihai BPG, through its indirect subsidiary, Chance Lead. After the capital contribution, Chance Lead had 77.95% equity interest in Beihai BPG. On 15 April 2010, Chance Lead acquired, from the Controlling Shareholder, the remaining 14.33% equity interest in Beihai BPG for a total consideration of RMB32,500,000. As a result of the above, Beihai BPG was effectively owned as to 92.28% by the Controlling Shareholder.

Acquisition of Non-Controlling Interests

Excel Blaze Limited ("Excel Blaze") had been a non-controlling equity interest in Beihai BPG since 26 February 2010 and held 3% equity interest in Beihai BPG, through its direct wholly-owned subsidiary, Fame Zone Limited ("Fame Zone"). As a result of the abovementioned capital contribution made by the Controlling Shareholder through Chance Lead on 8 April 2010, equity interest held by Excel Blaze, through Fame Zone, was diluted to 0.66%. On 16 April 2010, Excel Blaze sold its wholly-owned subsidiary, Fame Zone, in exchange of allotment and issue of 243 ordinary shares (credited as fully paid) of the Target Company to Excel Blaze.

Upon completion of the abovementioned events, with effective from 16 April 2010, the Target Company had an indirect aggregate of 92.94% equity interest in Beihai BPG.

Pursuant to the Reorganisation, the Target Company and its subsidiaries, other than Beihai BPG and Hepu BPG, were incorporated in 2009 and 2010. Save for the activities relating to the Reorganisation, the Target Company and its subsidiaries other than Beihai BPG and Hepu BPG have not carried on any business since their incorporation. Accordingly, the Reorganisation did not comprise any business combinations as defined under HKFRSs. The Target Company effectively continued the Controlling Shareholder's beneficial interests and control in Beihai BPG. Therefore the Financial Information and the 30 June 2009 Corresponding Information have been prepared as a continuation of the Controlling Shareholder's beneficial interests in the Target Group by using the principle of merger accounting. Assets and liabilities of Beihai BPG and its direct subsidiary, Hepu BPG were recognised and stated at their carrying amounts in the Relevant Periods. The increase of the Controlling Shareholder's beneficial interest and the Target Company's interests in Beihai BPG in 2007 and 2010 respectively was accounted for as equity transactions with the non-controlling shareholder of Beihai BPG.

Accordingly, the results and cash flows of the Target Group for the Relevant Periods include the results and cash flows of the Target Group from 1 January 2007 and the results and cash flows of the subsidiaries from their respective dates of establishment and acquisition as if the current group structure had been in existence throughout the Relevant Periods. The combined statements of financial position as at the end of each of the Relevant Periods is a combination of the respective statements of financial position of the subsidiaries at the end of each of the Relevant Periods according to the principles of merger accounting as if the current group structure had been in existence at these dates.

Upon completion of the Reorganisation and Acquisition of Non-Controlling Interests, the Target Company has direct or indirect interests in the following subsidiaries and particulars of which are set out below:

		Particulars of paid in capital / issued share capital					
		As at 31 December			As at 30 June		
Name of subsidiaries	Place and date of establishment/ incorporation	2007	2008	2009	2010	Attributable equity interests held at the date of this report	Principal activities and place of operation
Directly held							
Top Honest	The British Virgin Islands ("BVI"), 12 November 2009	–	–	US$1	US$1	100%	Investment holding
Fame Zone	BVI, 22 September 2009	–	–	US$1	US$1	100%	Investment holding
Indirectly held							
北海市果香園果汁有限公司 Beihai BPG	People's Republic of China (the "PRC"), 1 December 2000	RMB50,000,000	RMB50,000,000	RMB50,000,000	RMB226,800,000	92.94%	Manufacture and sale of frozen fruits and vegetables, the PRC
合浦果香園食品有限公司 Hepu Perfuming Garden Food Co., Ltd. ("Hepu BPG")*	The PRC, 5 August 2005	RMB34,000,000	RMB34,000,000	RMB34,000,000	RMB34,000,000	92.94%	Manufacture and sale of fruit juice concentrates, fruit purees and others in the PRC
Chance Lead	Hong Kong, 20 October 2009	–	–	HK$1	HK$1	100%	Investment holding
Wealth Elite Investments Limited	Hong Kong, 27 October 2009	–	–	HK$1	HK$1	100%	Investment holding
桂林果香園農業科技有限公司 Guilin Perfuming Garden Agricultural Technology Co., Ltd. ("Guilin BPG")*	The PRC, 7 January 2010	–	–	–	RMB2,000,000	92.94%	Not commenced business yet
湛江市果香園食品有限公司 Zhanjiang Perfuming Garden Food Co., Ltd. ("Zhanjiang BPG")*	The PRC, 23 June 2010	–	–	–	RMB5,000,000	92.94%	Not commenced business yet

As at the date of this report, the Target Company is controlled by Sunshine Hero Limited, a limited liability company incorporated in BVI.

* The English names of the subsidiaries represent management's translation of the Chinese names of the subsidiaries as no English names of these subsidiaries are registered. The financial statements of the above subsidiaries have been examined by Grant Thornton, Hong Kong, for the purpose of this report.

2. ADOPTION OF NEW OR AMENDED HKFRSs

Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a number of new and revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and related interpretations ("HK(IFRIC)s") (hereinafter collectively referred to as the "new HKFRSs") which were relevant to the Target Group and became effective during the Relevant Periods. In preparing the Financial Information and the 30 June 2009 Corresponding Information, the Target Group has consistently adopted all these new HKFRSs throughout the Relevant Periods to the extent applicable.

The Target Group has not early adopted the following HKFRSs that have been issued but are not yet effective.

HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 32 (Amendment)	Classification of Rights Issues[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adoptors[2]
HKFRS 9	Financial Instruments[4]
HK(IFRIC) - Int 14 (Amendment)	Minimum Funding Requirement and their Interaction[3]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]
Improvements to HKFRSs	Annual Improvements to HKFRSs 2010[5]

1 Effective for annual periods beginning on or after 1 February 2010

2 Effective for annual periods beginning on or after 1 July 2010

3 Effective for annual periods beginning on or after 1 January 2011

4 Effective for annual periods beginning on or after 1 January 2013

5 Generally effective for annual periods beginning on or after 1 January 2011 unless otherwise stated in the specific HKFRS

Information on new and amended HKFRSs that are expected to have impact on the Target Group's accounting policies is provided below.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value.

The directors of the Target Company are currently assessing the impact of these new and amended HKFRSs upon initial adoption. So far, the directors of the Target Company have preliminarily concluded that the initial adoption of these HKFRSs is unlikely to have a significant impact on the Financial Information.

The directors of the Target Company anticipate that all of the pronouncements will be adopted in the Target Group's accounting policy for the first period beginning after the effective date of the pronouncement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The Financial Information and the 30 June 2009 Corresponding Information set out in this report have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and HK(IFRIC)s issued by the HKICPA and have been consistently applied throughout the Relevant Periods. The Financial Information and the 30 June 2009 Corresponding Information also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The significant accounting policies that have been used in the preparation of the Financial Information and the 30 June 2009 Corresponding Information are summarised below.

The Financial Information and the 30 June 2009 Corresponding Information has been prepared on historical cost convention. The measurement bases are fully described in the accounting policies below.

The functional currency of the Target Company is Hong Kong dollars ("HK$"). The Financial Information and the 30 June 2009 Corresponding Information are presented in Renminbi ("RMB") since most of the companies comprising the Target Group are operating in RMB environment and the functional currency of most of the companies comprising the Target Group is RMB. All values are rounded to nearest thousand except when otherwise stated.

It should be noted that accounting estimates and assumptions are used in preparation of the Financial Information and the 30 June 2009 Corresponding Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information and the 30 June 2009 Corresponding Information are disclosed in Note 4.

3.2 Merger accounting

The assets and liabilities of the entities in which the Controlling Shareholder had control during the Relevant Periods are combined using the existing book values from the controlling parties' perspective. No amount is recognised as consideration for goodwill or as a bargain purchase. The combined statement of comprehensive income includes the results of each of these combining entities from the date of incorporation/ establishment or since the date when the entities first came under the control of the Controlling Shareholder, where this is a shorter period. All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on combination. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

3.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Target Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Target Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date that control ceases.

3.4 Non-controlling interests

Non-controlling interests represent the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Target Group and are not the Target Group's financial liabilities.

Non-controlling interests are presented in the combined statement of financial position within equity, separately from the equity attributable to the owners of the Target Company. Profit or loss attributable to the non-controlling interests is presented separately in the combined statement of comprehensive income as an allocation of the Target Group's results. Where losses applicable to the non-controlling group exceed the non-controlling interest in the subsidiary's equity, the excess and further losses applicable to the non-controlling group are allocated against the non-controlling interest to the extent that the non-controlling group has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Target Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the non-controlling interest only after the non-controlling group's share of losses previously absorbed by the Target Group has been recovered.

3.5 Foreign currency translation

In the individual financial statements of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

At each reporting date, all individual financial statements of foreign operations, originally presented in a currency different from the Target Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

3.6 Property, plant and equipment

Property, plant and equipment other than construction in progress ("CIP"), are stated at acquisition cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Depreciation is calculated on straight-line method to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Leasehold buildings	20 years
Plant and machinery	5 to 10 years
Office equipment	5 years
Motor vehicles	5 years

The assets' estimated residual values, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit of loss during the period/year in which they are incurred.

CIP represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct cost of construction. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3.7 Intangible assets and research and development activities

Intangible assets are mainly acquired trademarks which have finite useful lives and capitalised development costs.

(i) Acquired trademark

These are recognised initially at cost. After initial recognition, these are carried at cost less accumulated amortisation and any impairment losses. Amortisation for these trademarks is provided on straight-line method over their estimated useful lives of 10 years.

These trademarks are tested for impairment as described below in Note 3.9.

(ii) Research and development costs

Costs associated with research activities are expensed in profit or loss as they occur. Costs that are directly attributable to the development activities are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Target Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Capitalised development costs are stated at cost less accumulated amortisation and any impairment losses. Other development expenditure is recognised as an expense in the financial period in which it is incurred. Amortisation of capitalised development costs is charged to profit or loss on straight-line method over the assets' estimated useful lives of not more than ten years. Both the period and method of amortisation are reviewed annually. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

3.8 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

3.9 Impairment of non-financial assets

Property, plant and equipment, intangible assets and land use rights are subject to impairment testing whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Impairment loss recognised for CGUs is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Land use rights

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in Note 3.18. Amortisation is calculated on straight-line method over the term of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Target Group from use of the land.

3.11 Financial assets

The Target Group's financial assets are classified as loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at each reporting date.

All financial assets are recognised when, and only when, the Target Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Target Group about one or more of the following loss events:

(i) significant financial difficulty of the debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

(iv) significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

(v) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period/year in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Financial assets other than trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Target Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average basis and includes expenditure incurred in acquiring the inventories to bring them to their existing location and condition. In the case of finished goods and work in progress, costs include direct materials, direct labour and an appropriate proportion of related overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.14 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year/period. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the Financial Information and the 30 June 2009 Corresponding Information and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, if any, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, except where the Target Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Target Group has the legally enforceable right to set off the recognised amounts; and

(b) the Target Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Target Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.15 Financial liabilities

Financial liabilities, comprising trade payables, accrued liabilities and other payables, amounts due to a related company, directors and a shareholder and interest-bearing bank borrowings, are recognised when, and only when the Target Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Target Group's accounting policy for borrowing costs (Note 3.8).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Other financial liabilities

Trade payables, accrued liabilities and other payables, amounts due to a related company, directors and a shareholder are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method.

3.16 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

3.17 Retirement benefits

Retirement benefits to employee are provided through defined contribution plans. Pursuant to the relevant regulations of the PRC government, the employees of the Target Group are required to participate in a central pension scheme operated by the local municipal government (the "Scheme"), whereby the subsidiaries of the Target Company which operates in the PRC is required to contribute a certain percentage of the basic salaries of their employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Target Group. The only obligation of the Target Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are recognised as an expense in profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

3.18 Lease

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Target Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges as the lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Target Group are classified as operating leases.

Where the Target Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the period/year in which they are incurred.

3.19 Revenue recognition

Revenue comprises the fair value of the consideration received and receivable for the sale of goods, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Target Group and revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of goods are recognised upon transfer of significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Interest income is recognised on time-proportion basis using effective interest method.

3.20 Related parties

For the purposes of this report, a party is considered to be related to the Target Group if:

(i) the party has the ability, directly, or indirectly through one or more intermediaries, to control the Target Group or exercise significant influence over the Target Group in making financial and operating policy decisions, or has joint control over the Target Group;

(ii) the Target Group and the party are subject to common control;

(iii) the party is an associate of the Target Group or a joint venture in which the Target Group is a venturer;

(iv) the party is a member of the key management personnel of the Target Group or the Target Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Target Group or of any entity that is a related party of the Target Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Target Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to income is presented in gross under "other revenue" in profit or loss.

3.22 Segment reporting

The Target Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the directors for their decisions about resources allocation to the Target Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the directors are determined following the Target Group's major product lines.

The Target Group has identified the following reportable segments: (a) Manufacture and sale of fruit juice concentrates, fruit purees and others; and (b) Manufacture and sale of frozen fruits and vegetables.

Each of these operating segments is managed separately as each of the product lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms length prices.

The measurement policies that the Target Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that finance costs, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segments.

Segment assets consist primarily of property, plant and equipment, land use rights, intangible assets, non-current deposits and prepayments and inventories, with the exception of other unallocated assets. Segment liabilities consist primarily of trade payables, accrued liabilities, other payables and deposits received, with the exception of other unallocated liabilities.

3.23 Provisions and contingent liabilities

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Target Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period are discussed below:

(i) Depreciation

The Target Group's management exercises its judgement in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Target Group intends to derive future economic benefits from the use of these assets. The Target Group depreciates its property, plant and equipment in accordance with the accounting policies stated in Note 3.6. The carrying amount of property, plant and equipment is disclosed in Note 14.

(ii) Impairment of receivables

The impairment loss on receivables of the Target Group is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The Target Group's management determines impairment of its receivables on a regular basis and reassesses the impairment of receivables at the reporting dates.

(iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. The Target Company's management reassesses the estimations at the reporting date.

(iv) Impairment of non-financial assets

The Target Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the assets or CGU and determines a suitable discount rate in order to calculate the present value of those cash flows.

(b) Critical judgements in applying the entity's accounting policies

Product development activities

Careful judgement by the Target Group's management is applied when deciding whether the recognition requirements for development cost have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the best information available at each reporting date. In addition, all internal activities related to the development of new product are continuously monitored by the Target Group's management.

5. SEGMENT INFORMATION

The directors have identified the Target Group's two product lines as operating segments as further described in Note 3.22.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Year ended 31 December 2007		
	Fruit juice concentrates, fruit purees and others	**Frozen fruits and vegetables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers / reportable segment revenue	300,782	–	300,782
Reportable segment profit	131,458	–	131,458
- Bank interest income	113	–	113
- Gain on disposals of property, plant and equipment	792	–	792
- Depreciation on property, plant and equipment	(22,504)	–	(22,504)
- Amortisation of land use rights	(120)	–	(120)
- Amortisation of intangible assets	(1)	–	(1)
Reportable segment assets	383,823	85,749	469,572
Additions to non-current segment assets during the year	48,484	72,359	120,843
Reportable segment liabilities	33,871	17,846	51,717

	Year ended 31 December 2008		
	Fruit juice concentrates, fruit purees and others	**Frozen fruits and vegetables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	343,568	33,186	376,754
Inter-segment revenue	–	1,210	1,210
Reportable segment revenue	343,568	34,396	377,964
Reportable segment profit	141,182	10,299	151,481
- Bank interest income	104	41	145
- Loss on disposals of property, plant and equipment	(3)	(25)	(28)
- Depreciation on property, plant and equipment	(21,639)	(8,048)	(29,687)
- Amortisation of land use rights	(65)	(55)	(120)
- Amortisation of intangible assets	(883)	–	(883)
Reportable segment assets	476,952	110,437	587,389
Additions to non-current segment assets during the year	133,019	15,593	148,612
Reportable segment liabilities	18,802	10,211	29,013

	Year ended 31 December 2009		
	Fruit juice concentrates, fruit purees and others	**Frozen fruits and vegetables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers / reportable segment revenue	399,857	66,856	466,713
Reportable segment profit	155,082	18,043	173,125
- Bank interest income	253	32	285
- Loss on disposals of property, plant and equipment	(153)	(34)	(187)
- Depreciation on property, plant and equipment	(23,613)	(7,400)	(31,013)
- Amortisation of land use rights	(65)	(55)	(120)
- Amortisation of intangible assets	(2,021)	–	(2,021)
Reportable segment assets	576,971	151,780	728,751
Additions to non-current segment assets during the year	83,978	14,606	98,584
Reportable segment liabilities	14,047	5,720	19,767

	Six months ended 30 June 2009 (unaudited)		
	Fruit juice concentrates, fruit purees and others	**Frozen fruits and vegetables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers / reportable segment revenue	192,767	29,095	221,862
Reportable segment profit	81,084	7,359	88,443
– Bank interest income	87	13	100
– Depreciation on property, plant and equipment	(11,377)	(3,338)	(14,715)
– Amortisation of land use rights	(32)	(28)	(60)
– Amortisation of intangible assets	(1,011)	–	(1,011)
Reportable segment assets	538,824	113,216	652,040
Additions to non-current segment assets during the period	44,207	12,460	56,667
Reportable segment liabilities	15,897	11,840	27,737

	Six months ended 30 June 2010		
	Fruit juice concentrates, fruit purees and others	**Frozen fruits and vegetables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	220,299	47,200	267,499
Inter-segment revenue	–	13,658	13,658
Reportable segment revenue	220,299	60,858	281,157
Reportable segment profit	89,704	19,370	109,074
– Bank interest income	318	44	362
– Depreciation on property, plant and equipment	(12,755)	(4,141)	(16,896)
– Amortisation of land use rights	(32)	(28)	(60)
– Amortisation of intangible assets	(1,011)	–	(1,011)
Reportable segment assets	734,947	291,908	1,026,855
Additions to non-current segment assets during the period	4,163	5,675	9,838
Reportable segment liabilities	32,219	6,978	39,197

The totals presented for the Target Group's operating segments reconcile to the Target Group's key financial figures as presented in the Financial Information and the 30 June 2009 Corresponding Information is as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue					
Reportable segment revenues	300,782	377,964	466,713	221,862	281,157
Elimination of inter-segment revenues	–	(1,210)	–	–	(13,658)
Group revenues	300,782	376,754	466,713	221,862	267,499
Profit					
Reportable segment profit	131,458	151,481	173,125	88,443	109,074
Finance costs	(1,575)	(1,637)	(517)	(516)	–
Unallocated expenses	–	(8,000)	(5,711)	–	(223)
Profit before income tax	129,883	141,844	166,897	87,927	108,851

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Reportable segment assets	469,572	587,389	728,751	1,026,855
Elimination of inter-segment receivables	(19,078)	(5,580)	–	(9,133)
Other unallocated assets	–	–	–	12,410
Group assets	450,494	581,809	728,751	1,030,132
Liabilities				
Reportable segment liabilities	51,717	29,013	19,767	39,197
Elimination of inter-segment payables	(19,078)	(5,580)	–	(9,133)
Other unallocated liabilities	22,000	22,000	5,711	218,813
Group liabilities	54,639	45,433	25,478	248,877

The geographical location of customers is determined based on the location at which the goods delivered. The Target Group's operations and its external customers are mainly located in the PRC (domicile) during the Relevant Periods. All non-current assets of the Target Group are located in the PRC (domicile). As a result, no geographical segment information is presented.

During the Relevant Periods, a single customer individually contributed more than 10% to the Target Group's annual total revenue which is presented as below:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Fruit juice concentrates, fruit purees and others	34,211	50,728	51,657	22,895	33,557

6. REVENUE, OTHER REVENUE AND NET INCOME

The Target Group is engaged in manufacturing and sale of fruit juice concentrates, frozen fruits and vegetables, fruit purees and others. Revenue, which is also the Target Group's turnover, represents total invoiced value of goods supplied. An analysis of other revenue and net income is as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Other revenue					
Interest income on financial assets carried at amortised costs	113	145	285	100	362
Government grants (Note)	44	454	1,075	330	3,155
Sundry income	189	517	746	510	111
	346	1,116	2,106	940	3,628
Net income					
Gain on sale of consumables	1,898	–	–	–	–
Gain on disposals of property, plant and equipment	792	–	–	–	–
	2,690	–	–	–	–
	3,036	1,116	2,106	940	3,628

Note: The Target Group received unconditional discretionary grants from various PRC government authorities in recognition of the Target Group's contributions to the development and its continuous support to the local agriculture industry. The Target Group has compiled all the attached conditions. These government grants are not recurring in nature.

7. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest charges on bank borrowings wholly repayable within five years and measured at amortised cost	1,575	1,637	517	516	–

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Cost of inventories recognised as expense	161,029	213,406	278,844	126,473	152,624
Depreciation of property, plant and equipment					
– Cost of sales	21,425	28,641	29,537	13,901	15,940
– Administrative expenses	1,079	1,046	1,476	814	956
Amortisation of land use rights	22,504	29,687	31,013	14,715	16,896
Amortisation of intangible assets	120	120	120	60	60
Losses on disposals of property, plant and equipment	1	883	2,021	1,011	1,011
Loss on sale of consumables	–	28	187	–	–
Operating lease charges in respect of leasehold buildings	–	–	436	–	–
Net foreign exchange losses	–	–	–	–	15

9. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Wages, salaries and other benefits	9,471	14,674	22,623	11,061	14,528
Defined contribution scheme	648	776	466	173	314
	10,119	15,450	23,089	11,234	14,842

10. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to the directors of the Target Group are as follows:

	Directors' fee	Salaries, bonuses and allowances	Defined contribution scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2007				
Executive directors				
Mr. Huang Xin	–	–	–	–
Mr. Man Guifu	–	19	3	22
Mr. Yan Kam Cheong	–	–	–	–
Mr. Ning Jinhui	–	44	2	46
Non-executive directors				
Mr. Chang Tat Joel	–	–	–	–
Mr. Ng Hoi Kit Michael	–	–	–	–
Total	–	63	5	68

	Directors' fee	Salaries, bonuses and allowances	Defined contribution scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2008				
Executive directors				
Mr. Huang Xin	–	–	–	–
Mr. Man Guifu	–	18	4	22
Mr. Yan Kam Cheong	–	–	–	–
Mr. Ning Jinhui	–	60	4	64
Non-executive directors				
Mr. Chang Tat Joel	–	–	–	–
Mr. Ng Hoi Kit Michael	–	–	–	–
Total	–	78	8	86

	Directors' fee	Salaries, bonuses and allowances	Defined contribution scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2009				
Executive directors				
Mr. Huang Xin	–	40	4	44
Mr. Man Guifu	–	53	4	57
Mr. Yan Kam Cheong	–	–	–	–
Mr. Ning Jinhui	–	49	4	53
Non-executive directors				
Mr. Chang Tat Joel	–	–	–	–
Mr. Ng Hoi Kit Michael	–	–	–	–
Total	–	142	12	154

	Directors' fee *RMB'000*	Salaries, bonuses and allowances *RMB'000*	Defined contribution scheme *RMB'000*	Total *RMB'000*
Six months ended 30 June 2009 (unaudited)				
Executive directors				
Mr. Huang Xin	–	5	1	6
Mr. Man Guifu	–	16	2	18
Mr. Yan Kam Cheong	–	–	–	–
Mr. Ning Jinhui	–	19	2	21
Non-executive directors				
Mr. Chang Tat Joel	–	–	–	–
Mr. Ng Hoi Kit Michael	–	–	–	–
Total	–	40	5	45

	Directors' fee *RMB'000*	Salaries, bonuses and allowances *RMB'000*	Defined contribution scheme *RMB'000*	Total *RMB'000*
Six months ended 30 June 2010				
Executive directors				
Mr. Huang Xin	–	27	2	29
Mr. Man Guifu	–	27	2	29
Mr. Yan Kam Cheong	–	–	–	–
Mr. Ning Jinhui	–	21	2	23
Non-executive directors				
Mr. Chang Tat Joel	–	–	–	–
Mr. Ng Hoi Kit Michael	–	–	–	–
Total	–	75	6	81

No emoluments were paid by the Target Group to the directors as an inducement to join or upon joining the Target Group or as compensation for loss of office during the Relevant Periods. There were no arrangements under which the directors waived or agreed to waive any remuneration during the Relevant Periods.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Target Group for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 included 1, 1, 2, 2 (unaudited) and 3 directors respectively whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 4, 4, 3, 3 (unaudited) and 2 individuals for the years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2009 and 2010 respectively, which fell within the salary of Nil – HK$1,000,000 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, bonuses and allowances	177	263	235	85	114
Retirement scheme contributions	10	12	20	10	11
	187	275	255	95	125

11. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Target Group is not subject to any income tax in the Cayman Islands and BVI.

No provision for Hong Kong profits tax has been made as the Target Group had no assessable profits arising in Hong Kong during the Relevant Periods.

Beihai BPG was established in Industrial Development Zone in the western region of the PRC and was approved as an advanced and high-tech enterprise ("AHTE"). In accordance with Gui Zheng Fa [2001] No. 100 issued by the Government of Guangxi Zhuang Autonomous Region of the PRC (the "Tax Notice"), and various approval documents issued by the local tax bureau, AHTE was exempted from the PRC enterprise income tax ("PRC EIT") for its first five profitable years of operations and is entitled to 50% relief on the PRC EIT for the succeeding three years. Accordingly, Beihai BPG was exempted from the PRC EIT for the period from 1 January 2003 to 31 December 2007.

On 16 March 2007, the PRC promulgated the Law of the PRC EIT by Order No. 63 of the President of the PRC (the "New EIT Law"). On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New EIT Law, which superseded the Tax Notice and the above approval documents with effective from 1 January 2008.

Pursuant to the New EIT Law and the approval documents issued by the local tax bureau, an enterprise in which its income is derived from the projects of agriculture and its main business fell into the Scope of Primary Processing of Agricultural Products Covered by Preferential Policies (the "Scope") (defined in Cai Shui [2008] No. 149, a detailed implementation rule jointly circulated by the Ministry of Finance and State Administration of Taxation on 28 November 2008), is exempted from the PRC EIT. Accordingly, Beihai BPG was subject to PRC EIT at a rate of 15% in accordance with the New EIT Law for the year ended 31 December 2008 and is exempted from the PRC EIT from 2009 onwards.

Hepu BPG was established on 5 August 2005 as a domestic enterprise in Hepu, Guangxi Zhuang Autonomous Region and was approved as a Coastal Industrial Enterprise ("CIE") in the western region of the PRC. Pursuant to the Tax Notice and various approval documents issued by the State Tax Bureau and Guangxi Development and Reform Commission, CIE in which its main business fell into the National Key Encouraged Industry and Technology Catalogue and its sale revenue derived from its main business totalled more than 70% of its total income, was exempted from the PRC EIT for their first three profitable years of operations and was entitled to 50% relief on the PRC EIT for the succeeding two years. Accordingly, Hepu BPG was exempted from the PRC EIT for the year ended 31 December 2007. The Tax Notice and the above approval documents were superseded by the New EIT Law. However, according to Guo Fa [2007] No.39, the preferential income tax policies shall continue to be applicable to Hepu BPG. As a result, Hepu BPG was exempted from the PRC EIT for the year ended 31 December 2008.

Further, like Beihai BPG, as Hepu BPG's income is derived from the projects of agriculture, and the main business of Hepu BPG fell into the Scope (see above), according to the local practices, Hepu BPG is exempted from the PRC EIT from 2009 onwards.

The other subsidiaries of the Target Group, Guilin BPG and Zhanjiang BPG, are established on 7 January 2010 and 23 June 2010 respectively, both of which have not commenced their operations. Accordingly, no PRC EIT is charged from their respective dates of incorporation to 30 June 2010.

According to the New EIT Law, profit of the PRC subsidiaries of the Target Group derived since 1 January 2008 is subject to withholding tax at rates of 5% or 10% upon the distribution of such profit to foreign investors or companies incorporated in Hong Kong, or for other foreign investors respectively. The Target Group determined that no deferred withholding tax liabilities shall be recognised in respect of the profits of the PRC subsidiaries for the Relevant Periods since the Target Group has no plan to distribute such profits in the foreseeable future.

No deferred tax has been provided as the Target Group did not have material temporary differences which gave rise to a deferred tax asset or liability during the Relevant Periods.

Reconciliation between income tax expense and accounting profit at applicable tax rates for the Relevant Periods is as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before income tax	129,883	141,844	166,897	87,927	108,851
Tax on profit before income tax, calculated at the statutory tax rates	42,861	35,461	41,724	21,982	27,213
Effect of tax holiday	(42,861)	(34,138)	(41,724)	(21,982)	(27,213)
Income tax expense	–	1,323	–	–	–

12. DIVIDENDS

No dividends were approved and paid during the Relevant Periods.

13. LOSS ATTRIBUTABLE TO THE OWNERS OF THE TARGET COMPANY

As the Target Company was incorporated on 4 January 2010, no profit or loss of the Target Company for the years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2009 (unaudited) presented. Of the combined profit attributable to the owners of the Target Company for the six months ended 30 June 2010 of approximately RMB89,889,000, a loss of approximately RMB54,000 has been dealt with in the financial statements of the Target Company.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	CIP RMB'000	Total RMB'000
At 1 January 2007						
Cost	96,967	165,661	221	832	10,666	274,347
Accumulated depreciation	(870)	(13,926)	(100)	(324)	–	(15,220)
Net book amount	96,097	151,735	121	508	10,666	259,127
Year ended 31 December 2007						
Opening net book amount	96,097	151,735	121	508	10,666	259,127
Additions	46,913	57,924	97	177	6,025	111,136
Transferred from CIP	14,356	2,044	–	–	(16,400)	–
Disposals	–	(2,645)	(5)	(112)	–	(2,762)
Depreciation charge	(6,003)	(16,277)	(46)	(178)	–	(22,504)
Closing net book amount	151,363	192,781	167	395	291	344,997
At 31 December 2007						
Cost	158,236	209,285	212	565	291	368,589
Accumulated depreciation	(6,873)	(16,504)	(45)	(170)	–	(23,592)
Net book amount	151,363	192,781	167	395	291	344,997
Year ended 31 December 2008						
Opening net book amount	151,363	192,781	167	395	291	344,997
Additions	133	1,399	54	–	1,040	2,626
Transferred from CIP	818	353	–	–	(1,171)	–
Disposals	(25)	(2)	–	(3)	–	(30)
Depreciation charge	(8,802)	(20,669)	(61)	(155)	–	(29,687)
Closing net book amount	143,487	173,862	160	237	160	317,906
At 31 December 2008						
Cost	159,134	211,035	266	562	160	371,157
Accumulated depreciation	(15,647)	(37,173)	(106)	(325)	–	(53,251)
Net book amount	143,487	173,862	160	237	160	317,906
Year ended 31 December 2009						
Opening net book amount	143,487	173,862	160	237	160	317,906
Additions	3,997	39,129	1,483	314	2,318	47,241
Transferred from CIP	54	167	–	–	(221)	–
Disposals	–	(1,158)	(3)	–	–	(1,161)
Depreciation charge	(7,670)	(23,115)	(85)	(143)	–	(31,013)
Closing net book amount	139,868	188,885	1,555	408	2,257	332,973

	Leasehold buildings	Plant and machinery	Office equipment	Motor vehicles	CIP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2009						
Cost	163,185	249,155	1,743	876	2,257	417,216
Accumulated depreciation	(23,317)	(60,270)	(188)	(468)	–	(84,243)
Net book amount	139,868	188,885	1,555	408	2,257	332,973
Six months ended 30 June 2010						
Opening net book amount	139,868	188,885	1,555	408	2,257	332,973
Additions	2,481	3,850	90	3,280	788	10,489
Transferred from CIP	2,257	–	–	–	(2,257)	–
Depreciation charge	(3,939)	(12,727)	(104)	(126)	–	(16,896)
Closing net book amount	140,667	180,008	1,541	3,562	788	326,566
At 30 June 2010						
Cost	167,923	253,005	1,833	4,156	788	427,705
Accumulated depreciation	(27,256)	(72,997)	(292)	(594)	–	(101,139)
Net book amount	140,667	180,008	1,541	3,562	788	326,566

At the respective reporting dates, the Target Group's leasehold buildings located on land which were held under medium-term leases in the PRC.

Up to the date of this report, the Target Group is in the process of obtaining the title certificates of certain leasehold buildings with carrying amounts of approximately RMB4,051,000 as at 30 June 2010.

Certain leasehold buildings with carrying amounts of approximately RMB19,577,000 and RMB81,651,000 were pledged to secure certain bank borrowings of the Target Group as at 31 December 2007 and 2008 respectively (Note 26).

15. LAND USE RIGHTS

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period				
Cost	5,925	5,925	5,925	5,925
Accumulated depreciation	(204)	(324)	(444)	(564)
Net carrying amount	5,721	5,601	5,481	5,361
For the year/period				
Opening net carrying amount	5,721	5,601	5,481	5,361
Amotisation charge	(120)	(120)	(120)	(60)
Closing net carrying amount	5,601	5,481	5,361	5,301
At end of the year/period				
Cost	5,925	5,925	5,925	5,925
Accumulated amortisation	(324)	(444)	(564)	(624)
Net carrying amount	5,601	5,481	5,361	5,301

Land use rights represent prepaid operating lease payments, in the PRC with the lease terms of 50 years.

Land use rights with carrying amounts of approximately RMB5,601,000 and RMB5,481,000 were pledged to secure certain bank borrowings of the Target Group as at 31 December 2007 and 2008 respectively (Note 26).

16. INTANGIBLE ASSETS

	Trademark	Capitalised development costs	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2007			
Cost	9	–	9
Accumulated amortisation	(2)	–	(2)
Net book amount	7	–	7
Year ended 31 December 2007			
Opening net book amount	7	–	7
Amortisation	(1)	–	(1)
Closing net book amount	6	–	6
At 31 December 2007 and 1 January 2008			
Cost	9	–	9
Accumulated amortisation	(3)	–	(3)
Net book amount	6	–	6
Year ended 31 December 2008			
Opening net book amount	6	–	6
Additions	–	20,200	20,200
Amortisation	(1)	(882)	(883)
Closing net book amount	5	19,318	19,323
At 31 December 2008 and 1 January 2009			
Cost	9	20,200	20,209
Accumulated amortisation	(4)	(882)	(886)
Net book amount	5	19,318	19,323
Year ended 31 December 2009			
Opening net book amount	5	19,318	19,323
Amortisation	(1)	(2,020)	(2,021)
Closing book amount	4	17,298	17,302
At 31 December 2009 and 1 January 2010			
Cost	9	20,200	20,209
Accumulated amortisation	(5)	(2,902)	(2,907)
Net book amount	4	17,298	17,302

	Trademark	Capitalised development costs	Total
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2010			
Opening net book amount	4	17,298	17,302
Amortisation	(1)	(1,010)	(1,011)
Closing book amount	3	16,288	16,291
At 30 June 2010			
Cost	9	20,200	20,209
Accumulated amortisation	(3)	(3,912)	(3,918)
Net book amount	6	16,288	16,291

All amortisation charges were included in cost of sales for the Relevant Periods.

17. INTERESTS IN SUBSIDIARIES

The Target Company

	At 30 June 2010
	RMB
Unlisted investment at cost	14
Amount due from a subsidiary	218,757,000

Amounts due from and to subsidiaries are unsecured, interest free and repayable on demand. Particulars of the subsidiaries are disclosed in Note 1.

18. INVENTORIES

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	1,553	2,466	3,376	5,046
Work in progress	1,342	1,339	647	1,066
Finished goods	14,987	13,114	8,237	44,872
	17,882	16,919	12,260	50,984

19. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	30,476	21,412	23,141	22,857

The directors consider that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The majority of the Target Group's sales are on credit. According to the credit rating of different customers, the Target Group allows a range of credit periods ranging from 30 days to 45 days to its trade customers during the Relevant Periods.

At each reporting date, the Target Group reviews trade receivables for evidence of impairment on both an individual and collective basis. No impairment loss on trade receivables was recognised during the Relevant Periods.

Based on the delivery dates, ageing analysis of trade receivables was as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 45 days	26,839	19,546	22,492	21,084
46 – 120 days	265	988	646	1,773
121 – 365 days	3,223	872	3	–
Over 365 days	149	6	–	–
	30,476	21,412	23,141	22,857

Ageing analysis of trade receivables that were past due as at the reporting dates but not impaired, based on due date is as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Neither past due nor impaired	26,839	19,546	22,492	21,084
Less than one year past due	3,614	1,866	649	1,773
Over one year past due	23	–	–	–
	30,476	21,412	23,141	22,857

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default of payments. Trade receivables that were past due but not impaired related to a large number of diversified customers that had a good track record of credit with the Target Group. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and these balances are still considered to be recoverable.

The Target Group did not hold any collateral in respect of its trade receivables.

Majority of the Target Group's trade receivables are denominated in RMB, with no interest charged on trade receivables.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Deposits paid for acquisition of property, plant and equipment	1,064	136,850	140,403	140,301
Prepayments	10,000	–	48,039	19,748
	11,064	136,850	188,442	160,049
Current assets				
Prepayments	760	1,402	368	29,581
Deposits	–	–	–	3,011
Other receivables	853	27,919	577	4,025
	1,613	29,321	945	36,617

21. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

		As at 31 December			As at 30 June
		2007	2008	2009	2010
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related companies					
合浦南方果業有限公司	(i)	20,439	439	–	–
巴馬聖地賓館有限公司	(ii)	1,040	1,840	–	–
北海市香果園雪粒果汁有限公司	(iii)	404	207	–	–
北海興創制桶有限公司	(iii)	–	2,594	1,288	–
		21,883	5,080	1,288	–
Amounts due to a related company					
欽州市興創制桶有限公司	(iii)	–	–	87	428

Particulars of the amounts due were as follows:

		As at 31 December			As at 30 June
		2007	**2008**	**2009**	**2010**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Maximum amount outstanding during the year/period					
合浦南方果業有限公司	(i)	20,439	20,439	439	–
巴馬聖地賓館有限公司	(ii)	1,040	1,840	1,840	–
北海市香果園雪粒果汁有限公司	(iii)	892	5,228	209	–
北海興創制桶有限公司	(iii)	–	2,594	2,644	1,288

Notes:

(i) Two of the Target Company's directors had respective beneficial equity interests in this related company.

(ii) One of the Target Company's directors had beneficial equity interest in this related company.

(iii) A close family member of one of the Target Company's directors held beneficial equity interest in this related company.

The amounts due are unsecured, interest-free and repayable on demand.

22. CASH AND CASH EQUIVALENTS

Included in the bank balances as at 30 June 2010 was an amount of approximately RMB137,532,000 which was denominated in Hong Kong dollars ("HK$"). All other cash and bank balances at the respective reporting dates were denominated in RMB. These balances were deposited with the authorised banks in the PRC, bearing interests at daily bank deposit rates. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

23. TRADE PAYABLES

The Target Group was granted by its suppliers' credit periods ranging from 30 to 60 days. Based on the goods receipt acknowledgement dates, ageing analysis of non-interest bearing trade payables were as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 60 days	4,954	6,511	5,664	20,569
61 – 120 days	2,326	210	200	414
121 – 365 days	1,816	457	151	164
Over 365 days	119	37	79	40
	9,215	7,215	6,094	21,187

All amounts due are short-term and hence the carrying values of the Target Group's trade payables are considered to be a reasonable approximation of fair value.

24. ACCRUED LIABILITIES, OTHER PAYABLES AND DEPOSITS RECEIVED

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued liabilities	1,869	2,956	2,969	5,026
Other payables	8,010	8,254	11,217	2,594
Value-added tax and other taxes payable	3,131	2,593	5,043	–
Deposits received from trade customers	540	609	68	832
	13,550	14,412	19,297	8,452

25. AMOUNTS DUE TO DIRECTORS/A SHAREHOLDER

The balance due as at each reporting date were unsecured, interest-free and repayable on demand.

26. INTEREST-BEARING BANK BORROWINGS, SECURED

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured bank loans repayable within one year	22,000	22,000	–	–

Interest-bearing bank borrowings, denominated in RMB, were charged at floating interest rates ranging from 6.30% to 8.82% and a fixed interest rate at 7.47% per annum as at 31 December 2007 and 2008 respectively. These borrowings were secured by the Target Group's certain leasehold buildings and land use rights as disclosed in Notes 14 and 15 respectively, as well as premises owned by close relatives of each of the two directors of the Target Group.

The directors considered that the carrying amounts of bank borrowings approximate to their fair values.

27. SHARE CAPITAL

As disclosed Note 1, the Financial Information and the 30 June 2009 Corresponding Information have been prepared under the merger accounting method and accordingly, financial statements of companies comprising the Target Group during the Relevant Periods were combined as if the Group had existed on 1 January 2007.

For the purpose of the Financial Information, share capital in the combined statements of financial position as at 31 December 2007, 2008 and 2009 represented the paid-in capital of Beihai BPG. Upon the Reorganisation which was completed in April 2010, share capital of the Target Group as at 30 June 2010 represented the issued and paid up share capital of the Target Company as follows:

	As at 30 June 2010
Authorised:	
1,000,000 ordinary shares of HK$0.10 each	HK$100,000
Issued and fully paid:	
10,000 ordinary shares of HK$0.10 each	HK$1,000

28. RESERVES

The amounts of the Target Group's reserves and movements therein during the Relevant Periods are presented in the combined statements of changes in equity.

The Companies Law (2010 Revision) of the Cayman Islands provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the Target Company may from time to time determine including, but without limitation, paying distributions or dividends to members. No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the Target Company will be able to pay its debts as they fall due in the ordinary course of business.

Statutory reserves

In accordance with the relevant laws and regulations of the PRC and the articles of association of the companies now comprising the Target Group established in the PRC, they are required to transfer 10% of their profit after tax prepared in accordance with the accounting regulations in the PRC to the statutory reserves until the reserves balance reaches 50% of registered capital. Such reserves may be used to reduce any losses incurred or to be capitalised as paid-up capital.

Merger reserve

Merger reserve as at 1 January 2007 represented 10% of the paid-in capital of Hepu BPG of RMB400,000 held by the Controlling Shareholder.

Other reserve

This represents the difference between the consideration and the carrying amount of net assets relating to the additional interests in subsidiaries acquired from non-controlling interests during the Relevant Periods.

29. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 12 October 2007, Hepu BPG increased its registered capital from RMB4,000,000 to RMB14,000,000. This additional capital, satisfied in cash, was wholly contributed by Beihai BPG which constituted an increase in equity interests in Hepu BPG from 90% to 97.14%. On 28 November 2007, Beihai BPG further acquired the remaining 2.86% paid-in capital from a non-controlling shareholder of Hepu BPG, at an aggregate consideration of RMB400,000. As a result, Hepu BPG became a wholly owned subsidiary of Beihai BPG.

Details of the net assets acquired as at the date of acquisition are as follows:

	RMB'000
Purchase consideration, satisfied in cash:	400
Less: Carrying value of net assets acquired	(7,420)
Excess of carrying value of net assets acquired over cost of acquisition and recognised in other reserve	(7,020)
Attributable to:	
Owners of the Target Company	(4,563)
Non-controlling interests of Beihai BPG	(2,457)
	(7,020)

30. COMMITMENTS

(i) Capital commitments

The Target Group had the following capital commitments not provided for in the Financial Information as at each of the reporting dates:

	As at 31 December			**As at 30 June**
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for in respect of acquisition of property, plant and equipment	4,035	64,312	27,039	27,147

(ii) Operating lease commitments

The total future minimum lease payments payable by the Target Group under non-cancellable operating leases are as follows:

	As at 31 December			**As at 30 June**
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	–	–	41
In the second to fifth years	–	–	–	123
After five years	–	–	–	142
	–	–	–	306

During the six months ended 30 June 2010, the Target Group leases a number of properties in the PRC under operating leases. The leases run for an initial period of one to ten years. None of the leases include contingent rentals.

The Target Company

The Target Company did not have any capital or operating lease commitments as at 30 June 2010.

31. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Financial Information and the 30 June 2009 Corresponding Information, the following transactions were entered into by the Target Group with related parties during the Relevant Periods.

(a) Significant related party transactions

		Year ended 31 December			Six months ended 30 June	
		2007	**2008**	**2009**	**2009**	**2010**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Gain on disposals of plant and machineries						
北海興創制桶有限公司	*(i)*	481	–	–	–	–
Sales of consumables to a related company						
北海興創制桶有限公司	*(ii)*	–	968	–	–	–
Purchases of raw materials from related companies						
北海興創制桶有限公司	*(ii)*	–	2,086	1,859	1,578	–
欽州市興創制桶有限公司	*(ii)*	–	–	2,467	–	1,551

Notes:

(i) Disposals of plant and machineries were made with reference to the terms negotiated between the Target Group and the related company.

(ii) Sales and purchases of consumables were conducted in the normal course of business at prices and terms no less than those charged to and contracted with other third parties of the Target Group.

(b) Compensation of key management personnel

The key management personnel are the directors of the Target Company, details of remuneration paid to the directors are set out in Note 10 to the Financial Information and the 30 June 2009 Corresponding Information.

32. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

Major non-cash transactions

(i) Additions to property, plant and equipment

During the years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2009 and 2010, additions to property, plant and equipment included deposits paid prior to the respective year/period of approximately RMB1,357,000, RMB1,064,000, RMB16,400,000, RMB4,400,000 (unaudited) and RMB162,000 respectively.

During the six months ended 30 June 2009 and the year ended 31 December 2009, additions to property, plant and equipment also included amounts of approximately RMB1,497,000 (unaudited) and RMB1,497,000 which were included in other payables as at 30 June 2009 and 31 December 2009 respectively.

(ii) Additions to intangible assets

During the year ended 31 December 2008, additions to capitalised development costs included prepayments paid during the year ended 31 December 2007 of approximately RMB10,000,000 and amounts of approximately RMB1,700,000 which were included in other payables as at 31 December 2008.

(iii) Acquisition of non-controlling interests in a subsidiary

Save as disclosed in Note 1, the consideration of acquiring the entire issued share capital of Fame Zone was settled by the issuance of 243 shares of the Target Company. The fair value of the issued shares, which are approximately RMB27.1 million, has been arrived at on the basis of valuation carried out on 16 April 2010 by Norton Appraisals Limited. Accordingly, amounts of approximately RMB27.1 million were recognised in share premium during the six months ended 30 June 2010.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Target Group is exposed to financial risks through its use of financial instruments on its ordinary course of operations. The Target Group does not have written risk management policies and guidelines. However, the board of directors of the Target Company periodically analyses and formulates measures to manage the Target Group's exposure to market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. Generally, the Target Group employs a conservative strategy regarding its risk management. As the board considers that the Target Group's exposure to these risks is kept at a minimum level, the Target Group has not used any derivatives or other instruments for hedging purposes. The Target Group does not hold or issue derivative financial instruments for trading purposes. The most significant financial risks to which the Target Group is exposed to are discussed below.

(a) Categories of financial assets and liabilities

The carrying amounts of the Target Group's financial assets and liabilities recognised at the respective reporting dates are also analysed into the following categories.

		At 31 December		**At 30 June**
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables				
– Trade receivables	30,476	21,412	23,141	22,857
– Other receivables *(Note 20)*	853	27,919	577	4,025
– Amounts due from related companies	21,883	5,080	1,288	–
Cash and cash equivalents	16,972	29,517	147,039	411,467
	70,184	83,928	172,045	438,349

	At 31 December			At 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Financial liabilities measured at amortised cost				
– Trade payables	9,215	7,215	6,094	21,187
– Accrued liabilities and other payables *(Note 24)*	9,879	11,210	14,186	7,620
– Amounts due to a related company	–	–	87	428
– Amounts due to directors	9,874	1,806	–	–
– Amounts due to a shareholder	–	–	–	218,810
– Interest-bearing bank borrowings	22,000	22,000	–	–
	50,968	42,231	20,367	248,045

(b) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency.

The primary economic environment which the Target Group operates is the PRC and its functional currency is RMB. However, certain bank balances and sales are denominated in HK$ and US$ respectively, which are currencies other than RMB and expose the Target Group to foreign exchange risk.

The carrying amounts of foreign currency denominated financial assets are as follows:

	As at 31 December						As at 30 June	
	2007		2008		2009		2010	
	US$	HK$	US$	HK$	US$	HK$	US$	HK$
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets								
Trade receivables	117	–	5,945	–	568	–	2,848	–
Cash and bank balances	–	–	–	–	–	–	–	137,532
	117	–	5,945	–	568	–	2,848	137,532

Sensitivity analysis

The following table details the Target Group's sensitivity to a 5% change in RMB against US$ and HK$. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their value at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in profit for the year/period where the relevant foreign currencies strengthen 5% against RMB. For a 5% weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the profit for the year/period.

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
US$ impact	6	297	28	142
HK$ impact	–	–	–	6,877

The policies to manage foreign currency risk have been followed by the Target Group since prior years and are considered to be effective.

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Target Group has interest-bearing assets in relation to cash at banks carried at effective interest rates with reference to the market and secured interest-bearing bank borrowings carried at fixed interest rates. Details of which are disclosed in Notes 22 and 26 respectively. The Target Group's income and operating cash flows are substantially independent of changes in market interest rates. The Target Group has not used any financial instrument to hedge potential fluctuations in interest rates. The Target Group's exposure to interest rates is considered minimal.

Interest rate sensitivity analysis

The following table illustrates the sensitivity of profit after tax for the year/period to a reasonably possible change in interest rates of 25 basis points higher/lower, with effect from the beginning of the year/period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Target Group's fixed rate financial instruments held at the end of each of the Relevant Periods. All other variables are held constant. There is no impact on other components of combined equity in response to the possible change in interest rates.

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Effect on profit after tax for the year/period and retained profits	(13)	19	368	1,029

(d) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Target Group. The Target Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations.

The carrying amounts of cash and cash equivalents, trade receivables, other receivables, amounts due from related companies included in the face of the combined statements of financial position represent the Target Group's maximum exposure to credit risk in relation to its financial assets.

The Target Group maintains its cash at banks with authorised banks in the PRC and Hong Kong, therefore the directors of the Target Group consider that the credit risk for such is minimal.

The Target Group's sales are made to beverage manufacturers. The Target Group generally has established long-term and stable relationship with its customers. The Target Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Target Group allows a range of credit periods not exceeding 45 days to its trade customers *(Note 19).*

The credit policies have been followed by the Target Group since prior years and are considered to be effective in limiting the Target Group's exposure to credit risk to a desirable level.

(e) Liquidity risk

Liquidity risk relates to the risk that the Target Group will not be able to meet its obligations associated with its financial liabilities that are settled by delievering cash or another financial asset. The Target Group is exposed to liquidity risk in respect of settlement of trade payables, interest-bearing bank borrowings and its financing obligations, and also in respect of its cash flow management. The Target Group's objective is to maintain an appropriate level of liquid assets to meet its liquidity requirements in the short and longer term.

The Target Group's liquidity is dependent upon the cash received from its customers. The directors are satisfied that the Target Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The liquidity policies have been followed by the Target Group since prior years and are considered to be effective in managing liquidity risks.

The following table details the remaining contractual maturities at the respective reporting dates of the Target Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Target Group can be required to pay:

	As at 31 December 2007		
	Carrying amount	**Total contractual undiscounted cash flow**	**Within one year or on demand**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	9,215	9,215	(9,215)
Accrued liabilities and other payables *(Note 24)*	9,879	9,879	(9,879)
Amounts due to directors	9,874	9,874	(9,874)
Interest-bearing bank borrowings	22,000	22,543	(22,543)
Total	50,968	51,511	(51,511)

	As at 31 December 2008		
	Carrying amount	**Total contractual undiscounted cash flow**	**Within one year or on demand**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	7,215	7,215	(7,215)
Accrued liabilities and other payables *(Note 24)*	11,210	11,210	(11,210)
Amounts due to directors	1,806	1,806	(1,806)
Interest-bearing bank borrowings	22,000	22,511	(22,511)
Total	42,231	42,742	(42,742)

	As at 31 December 2009		
	Carrying amount	**Total contractual undiscounted cash flow**	**Within one year or on demand**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	6,094	6,094	(6,094)
Accrued liabilities and other payables *(Note 24)*	14,186	14,186	(14,186)
Amounts due to a related company	87	87	(87)
Total	20,367	20,367	(20,367)

	As at 30 June 2010		
	Carrying amount	**Total contractual undiscounted cash flow**	**Within one year or on demand**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	21,187	21,187	(21,187)
Accrued liabilities and other payables *(Note 24)*	7,620	7,620	(7,620)
Amounts due to a related company	428	428	(428)
Amounts due to a shareholder	218,810	218,810	(218,810)
Total	248,045	248,045	(248,045)

34. CAPITAL MANAGEMENT

The Target Group's capital management objectives are to ensure the Target Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods commensurately with the level of risk.

The Target Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Target Group, prevailing and projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Target Group regards total equity presented on the face of the combined statements of financial position as capital, for capital management purpose, which the management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities. The Target Group is not subject to externally imposed capital requirements.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group have been prepared in respect of any period subsequent to 30 June 2010.

Yours faithfully,

Grant Thornton
Certified Public Accountants
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41 Connaught Road Central
Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

Based on the information provided by the Target Group, the management discussion and analysis in relation to the Target Group for the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010 is set out below.

Business review

The principal activity of the Target Group is the production and sale of tropical fruit juice concentrates and other related tropical fruit products. The four product categories of the Target Group are fruit juice concentrates, fruit purees, frozen fruits and vegetables, and dried fruits and beverages.

The turnover from the fruit juice concentrates category increased by approximately 14.8% from approximately RMB293.8 million for the year ended 31 December 2007 to approximately RMB337.2 million for the year ended 31 December 2009. The increase was primarily due to a significant increase in the turnover from passion fruit juice concentrates during the period. For the six months ended 30 June 2010, the turnover from the fruit juice concentrates category was approximately RMB197.0 million.

The turnover from the fruit purees category increased from approximately RMB5.1 million for the year ended 31 December 2007 to approximately RMB58.4 million for the year ended 31 December 2009. For the six months ended 30 June 2010, the turnover from the fruit purees category was approximately RMB22.4 million.

During the financial year ended 31 December 2008, the Target Group commenced the production of the frozen fruit and vegetable category. The turnover from the frozen fruit and vegetables category increased by approximately 101.5% from RMB33.2 million for the year ended 31 December 2008 to approximately RMB66.9 million for the year ended 31 December 2009. For the six months ended 30 June 2010, the turnover from the frozen fruit and vegetable category was approximately RMB47.2 million.

The turnover from the dried fruits and beverages category increased from approximately RMB1.8 million for the year ended 31 December 2007 to approximately RMB4.2 million for the year ended 31 December 2009. For the six months ended 30 June 2010, the turnover from the dried fruits and beverages category was approximately RMB0.9 million.

Financial performance

Revenue

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded revenue of approximately RMB300.8 million, approximately RMB376.8 million, approximately RMB466.7 million and approximately RMB267.5 million respectively.

Cost of sales

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded cost of sales of approximately RMB165.2 million, approximately RMB218.1 million, approximately RMB284.1 million and approximately RMB155.0 million respectively.

Other revenue and net income

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded interest income on financial assets carried at amortised costs of approximately RMB0.1 million, approximately RMB0.1 million, approximately RMB0.3 million and approximately RMB0.4 million respectively.

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded governments grants of approximately RMB44,000, approximately RMB0.5 million, approximately RMB1.1 million and approximately RMB3.2 million respectively.

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded sundry income of approximately RMB0.2 million, approximately RMB0.5 million, approximately RMB0.7 million and approximately RMB0.1 million respectively.

For the financial year ended 31 December 2007, the Target Group recorded gain on sale of raw materials of approximately RMB1.9 million. For the financial year ended 31 December 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded no gain on sale of consumables.

For the financial year ended 31 December 2007, the Target Group recorded gain on disposal of property, plant and equipment of approximately RMB0.8 million. For the financial year ended 31 December 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded no gain on disposal of property, plant and equipment.

Selling and distribution expenses

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded selling and distribution expenses of approximately RMB1.4 million, approximately RMB10.1 million, approximately RMB3.2 million and approximately RMB1.8 million respectively.

Administrative expenses

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded administrative expenses of approximately RMB5.7 million, approximately RMB5.3 million, approximately RMB13.8 million and approximately RMB5.4 million respectively.

Other operating expenses

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the Target Group recorded other operating expenses of approximately RMB42,000, approximately RMB0.9 million, approximately RMB0.3 million and approximately RMB39,000 respectively.

Finance costs

For the three financial years ended 31 December 2007, 2008 and 2009, the Target Group recorded finance costs of approximately RMB1.6 million, approximately RMB1.6 million and approximately RMB0.5 million respectively. For the six months ended 30 June 2010, the Target Group recorded no finance costs.

Income tax expenses

For the financial years ended 31 December 2007 and 2009 and for the six months ended 30 June 2010, the Target Group recorded no income tax. For the financial year ended 31 December 2008, Target Group recorded income tax of approximately RMB1.3 million.

Profit and total comprehensive income

For the three financial years ended 31 December 2007, 2008 and 2009, the Target Group recorded profit and total comprehensive income of approximately RMB129.9 million, approximately RMB140.5 million and approximately RMB166.9 million respectively. For the six months ended 30 June 2010, the Target Group recorded profit and total comprehensive income of approximately RMB108.9 million and RMB110.6 million respectively.

Financial position

Liquidity and financial resources

During the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the principal sources of liquidity of the Target Group were cash generated from operations, fund advance from a shareholder and borrowing under bank facilities.

As at 31 December 2007, 2008 and 2009 and as at 30 June 2010, the cash balances of the Target Group were approximately RMB17.0 million, approximately

RMB29.5 million, approximately RMB147.0 million and approximately RMB411.5 million respectively.

Charges on assets

As at 31 December 2007 and 2008, certain leasehold buildings as well as land use rights were pledged to secure 4 loans agreements which were subsequently fully repaid in 2009 and the charges on assets had been released accordingly.

As at the Latest Practicable Date, the entire issued shares in BPG Food & Beverage, Top Honest and Chance Lead have been pledged to Billion Ally under the Bond Purchase Agreement.

Saved for the abovementioned, as at 31 December 2007, 2008 and 2009, as at 30 June 2010 and as at the Latest Practicable Date the Target Group did not pledge any other assets respectively.

Net current assets/liabilities

As at 31 December 2007, 2008 and 2009 and as at 30 June 2010, the Target Group had net current assets of approximately RMB34.2 million, approximately RMB56.8 million, approximately RMB159.2 million and approximately RMB273.0 million respectively.

The increase in net current assets from 31 December 2007 to 31 December 2008 was mainly due to an increase in cash and cash equivalents of approximately RMB12.5 million.

The increase in net current assets from 31 December 2008 to 31 December 2009 was mainly due to an increase in cash and cash equivalents of approximately RMB117.5 million.

The increase in net current assets from 31 December 2009 to 30 June 2010 was mainly due to an increase in cash and cash equivalents of approximately RMB264.4 million.

Gearing ratio

As at 31 December 2007, 2008, 2009 and as at 30 June 2010, the gearing ratios of the Target Group (calculated as a percentage on the Target Group's net debt divided by the Target Group's total shareholders' equity) were approximately 5.0%, 0%, 0% and 0% respectively.

Material acquisitions and disposals of subsidiaries and associated companies

The Target Group had not made any material acquisition and disposal of subsidiaries and affiliated companies during the three financial years under review.

Future plans for material investments

The Target Group is currently contemplating a plan to establish a production facility in the PRC. As at the Latest Practicable Date, the Target Group has not entered into any legal binding agreement or contract in relation to the above plan.

Saved for the abovementioned, the Target Group had no solid plan on future investments.

Significant investments held

The Target Group had not made any significant investment during the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010.

Contingent liabilities

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, the Target Group had no contingent liabilities.

Capital structure

The capital structures of the Target Group as at 31 December 2007, 2008 and 2009, and as at 30 June 2010, consisted of shareholders' equity of approximately RMB395.9 million, approximately RMB536.4 million, approximately RMB703.3 million and approximately RMB781.3 million respectively.

Capital commitments

Capital commitments in respect of acquisition of property, plant and equipment as at 31 December 2007, 2008 and 2009 and as at 30 June 2010 were approximately RMB4.0 million, RMB64.3 million, RMB27.0 million and RMB27.1 million respectively.

Exchange risk and hedging

As most of the Target Group's transactions, assets and liabilities were denominated in RMB, the operations of the Target Group were not subject to significant exchange risk. Accordingly, no financial instruments for hedging purposes were used by the Target Group during the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010.

Staff and remuneration policies

For the three financial years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010, total staff costs were approximately RMB10.1 million, approximately RMB15.5 million, approximately RMB23.1 million and approximately RMB14.8 million respectively.

UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

1. INTRODUCTION

The following unaudited pro forma consolidated statement of financial position of the Enlarged Group (the "Unaudited Pro Forma Financial Information") has been prepared by the directors of the Company in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition on the financial position of the Enlarged Group as at 30 June 2010 as if the Acquisition had been completed on 30 June 2010.

The Unaudited Pro Forma Financial Information has been prepared, in accordance with the accounting policies of the Group under International Financial Reporting Standards ("IFRS"), based on the audited consolidated statement of financial position of the Group as at 30 June 2010 extracted from the published annual report of the Group for the year ended 30 June 2010 and the audited combined statement of financial position of the Target Group as at 30 June 2010 as extracted from the accountants' report set out in Appendix II to this circular as if the Acquisition had been completed on 30 June 2010.

The Unaudited Pro Forma Financial Information is based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. A narrative description of the pro forma adjustments of the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purpose only and is based on certain assumptions, estimates and other currently available financial information. Accordingly, because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Enlarged Group following the completion of the Acquisition. Further, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict the Enlarged Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the annual report of the Company for the year ended 30 June 2010 and other financial information included elsewhere in this circular.

2. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group as at 30 June 2010 (Audited) *RMB'000*	The Target Group as at 30 June 2010 (Audited) *RMB'000*	Pro forma adjustments (Unaudited) *RMB'000*	*Notes*	Pro forma Enlarged Group (Unaudited) *RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	1,161,437	326,566	4,958	*3.4(a)*	1,492,961
Land use rights	54,841	5,301			60,142
Construction in progress	64,328	–			64,328
Biological assets	1,449,565	–			1,449,565
Deferred development costs	36,800	16,288			53,088
Intangible asset	–	3			3
Goodwill	–	–	745,436	*3.4(b)*	745,436
Deposits and prepayments	–	160,049			160,049
	2,766,971	508,207			4,025,572
Current assets					
Biological assets	90,221	–			90,221
Properties for sale	18,497	–			18,497
Inventories	841	50,984			51,825
Trade and other receivables, prepayments and deposits	19,629	59,474			79,103
Cash and cash equivalents	975,074	411,467			1,386,541
	1,104,262	521,925			1,626,187
Current liabilities					
Trade and other payables, accrued liabilities and deposits received	44,391	29,639	218,810	*3.2*	292,840
Notes payable	–	–	679,380	*3.3(a)*	679,380
Amounts due to related companies	7,110	428			7,538
Amounts due to a shareholder	–	218,810	(218,810)	*3.2*	–
Income tax payables	278	–			278
	51,779	248,877			980,036
Net current assets	1,052,483	273,048			646,151
Total assets less current liabilities	3,819,454	781,255			4,671,723
Net assets	3,819,454	781,255			4,671,723

	The Group as at 30 June 2010 (Audited) *RMB'000*	The Target Group as at 30 June 2010 (Audited) *RMB'000*	Pro forma adjustments (Unaudited) *RMB'000*	*Notes*	Pro forma Enlarged Group (Unaudited) *RMB'000*
EQUITY					
Equity attributable to owners of the Company					
Share capital	8,767	1	1,430	*3.3(b)*	10,197
			(1)	*3.5*	
Reserves	3,810,687	711,074	69,585	*3.6*	4,591,346
	3,819,454	711,075			4,601,543
Non-controlling interests	–	70,180			70,180
Total equity	3,819,454	781,255			4,671,723

3. NOTES TO UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

3.1. On 11 October 2010, a wholly-owned subsidiary of the Company entered into the acquisition agreement (the "Acquisition Agreement") with the Vendors, the Bondholders and the Guarantor and conditionally agreed to acquire the entire issued share capital of the Target Company (the "Acquisition") at an aggregate consideration of HK$2,040,700,000 (the "Consideration").

As at the date of the Acquisition Agreement, the Target Company is owned by the Vendors (equity interest of 97.57% held by Sunshine Hero Limited ("Sunshine Hero") and 2.43% held by Excel Blaze Limited). On 6 January 2010, Sunshine Hero, the Target Company, the Bondholders and the Guarantor entered into the Bond Purchase Agreement, pursuant to which the Bondholders purchased certain exchangeable redeemable bonds from Sunshine Hero.

The Consideration for the Acquisition shall be satisfied in the following manners:

	HK$'000
Cash consideration by way of execution of the Deeds of Payment Undertaking by the Company ("Cash Consideration")	780,000
Allotment and issue of a total sum of 164,153,646 ordinary shares of the Company (a)	1,260,700
	2,040,700

(a) Issue of a total of 164,153,646 ordinary shares of the Company ("Consideration Shares") to the Vendors and the Bondholders (upon exercise of the rights under the Bond Purchase Agreement) at an issue price of HK$7.68.

Upon Completion, the Company will through its wholly-owned subsidiary own 100% issued share capital of the Target Company and the Target Group is considered by the directors of the Company as a subsidiary of the Company as the Target Group will be controlled by the Group after Completion. The consolidated statement of financial position of the Target Group will be consolidated into that of the Group from the date on which control is transferred to the Group, which is assumed to be the date of completion.

3.2 The pro forma adjustment represented reclassification of accounts in relation to the amounts due to a shareholder of the Target Group. Upon Completion of the Acquisition, these amounts are reclassified as other payables.

3.3. For the purpose of preparation of the Unaudited Pro Forma Financial Information, the fair value of the Consideration, as if the Acquisition had been completed on 30 June 2010, is summarised below:

	RMB'000
Cash Consideration (a)	679,380
Consideration Shares (b)	782,089
Fair value of Consideration	1,461,469

(a) This represents the total cash consideration of HK$780,000,000 converted at the exchange rate of HK$1 to RMB0.871 as at 30 June 2010.

(b) The fair value of HK$5.47 per share for the Consideration Shares is for illustrative purpose only and is based on the closing price on 30 June 2010 as if the Acquisition had been completed on 30 June 2010. As the par value of the Consideration Share is HK$0.01 per share, the issue and allotment of 164,153,646 Consideration Shares at the fair value of HK$5.47 per share as at 30 June 2010 for the purpose of the Unaudited Pro Forma Financial Information, credited as fully paid, result in the increase of share capital and share premium account by HK$1,642,000 and HK$896,279,000 respectively (equivalent to approximately RMB1,430,000 and RMB780,659,000 respectively). The actual fair value will be based on the market price of the shares of the Company upon Completion which may be different from HK$5.47 per share. Accordingly, the actual goodwill at the date of completion may be different from the amount presented below.

3.4. Details of net identifiable assets to be acquired and the goodwill arising on Acquisition as if the Acquisition had been completed on 30 June 2010 are as follows:

	RMB'000
Fair value of Consideration *(Note 3.3)*	1,461,469
Non-controlling interests of the Target Group (c)	70,180
Less: Net identifiable assets of the Target Group as extracted from the Accountants' Report set out in Appendix II	(781,255)
Less: Fair value adjustment on net identifiable assets of the Target Group (a)	(4,958)
Goodwill (b)	745,436

(a) Save as the valuation of property, plant and equipment, other identifiable assets and liabilities of the Target Group are short-term in nature (i.e. receivables, accruals, other payables and etc.) and the directors of the Company are of the opinion that their carrying amounts are approximate to their fair values as at 30 June 2010.

The fair value of property, plant and equipment as at 30 June 2010 of approximately RMB331,524,000 was determined by a firm of independent professional qualified surveyor, Jones Lang LaSalle Sallmanns Limited ("Jones Lang") by depreciated replacement cost approach. The surplus of the fair value over the carrying amounts of the Target Group in respect of property, plant and equipment is approximately RMB4,958,000.

There is no deferred tax effect arose on the valuation of property, plant and equipment as these subsidiaries are established in the PRC and not subject to PRC corporate income tax.

For the purpose of the Unaudited Pro Forma Financial Information, the fair value of the property, plant and equipment has been determined in accordance with the requirements of HKAS16 Property, Plant and Equipment. The directors of the Company have reviewed and adopted the techniques used by Jones Lang for initial measurement of the property, plant and equipment acquired in the business combination.

In the opinion of the directors, the objective of Jones Lang's valuation is to estimate fair value which also reflects the current transactions and practices in the industry to which the asset belongs. This calculation also requires the use of estimates of the market value for the existing use of the assets plus the current cost of replacement of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation and also subject to adequate potential profitability of the concerned business. In the process of estimating expected potential profitability, the directors make assumptions about future revenues and profits. Since these assumptions relate to future events and circumstances, the actual results may vary and may cause a material adjustment to the carrying amount of the property, plant and equipment.

(b) In accordance with IFRS 3, the excess of the aggregate fair value of the Consideration and non-controlling interest's proportionate share of the Target Group over the fair value of the net identifiable assets acquired is recognised as goodwill in the pro forma consolidated statement of financial position of the Enlarged Group. Goodwill, amounting to HK$745,436,000, is stated at cost less any impairment loss.

For the purpose of the Unaudited Pro Forma Financial Information and in the opinion of the directors and agreed by the reporting accountants, no impairment provision is considered necessary for goodwill as at 30 June 2010. At the Completion date, the actual goodwill may be different from that presented above. Since these assumptions relate to future events and circumstances, the actual results may vary and may cause a material adjustment to the carrying amount of the goodwill.

(c) The 7.06% equity interest in the Beihai Group that will not be acquired by the Group is non-controlling interests which is thus measured at the non-controlling interest's proportionate share of the Beihai Group's net identifiable assets as at 30 June 2010.

3.5. The adjustment represents the elimination of share capital of the Target Group of approximately RMB1,000 upon consolidation.

3.6. The adjustments are to reflect the effect on reserves from the following transactions arising upon completion date:

	RMB'000
Elimination of the pre-acquisition reserves of the Target Group	(711,074)
Share premium arising from the allotment of Consideration Shares *(Note 3.3(b))*	780,659
	69,585

The following is the text of accountants' report dated 1 November 2010, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information on the Enlarged Group.

Grant Thornton
均富

Member of Grant Thornton International Ltd

1 November 2010

The Board of Directors
Asian Citrus Holdings Limited
Room 1109-1112
Wayson Commercial Building
28 Connaught Road West
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Asian Citrus Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") which has been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the acquisition of the entire issued capital in BPG Food & Beverage Holdings Ltd. (the "Target Company") and its subsidiaries (collectively known as the "Target Group") by the Group (the "Acquisition"), might have affected the financial information presented, for inclusion in Appendix III to the Company's circular dated 1 November (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the section under the heading of "Unaudited Pro Forma Financial Information on the Enlarged Group" in Appendix III to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29 of Chapter 4 of the Listing Rules on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standard on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 30 June 2010 or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL OF THE COMPANY

Authorised capital:

		HK$'000
2,000,000,000	ordinary shares of HK$0.01 each	20,000
		20,000

Issued and fully paid or credited as fully paid:

As at the Latest Practicable Date:

867,129,094	ordinary shares of HK$0.01 each	8,671

Upon allotment and issue of the Consideration Shares;

867,129,094	existing Shares	8,671
164,153,646	consideration Shares to be issued at HK$7.68	1,642
1,031,282,740		10,313

A total of 164,153,646 Shares and 60,203,000 Shares will be issued upon the issue of the Consideration Shares and full conversion of the outstanding share options respectively.

3. DIRECTORS' INTERESTS

(a) Directors interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors or chief executive of the Company had or were deemed to have an interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

		Number of shares held					
Name	Class of shares	Personal interests	Family interests	Corporate interests	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital
Tong Wang Chow	Ordinary shares/ Share options	–	–	271,223,153 *(Note 1)*	3,850,000 *(Note 2)*	275,073,153	31.72%
Tong Hung Wai Tommy	Share options	–	–	–	1,900,000 *(Note 3)*	1,900,000	0.22%
Cheung Wai Sun	Share options	–	–	–	1,320,000 *(Note 4)*	1,320,000	0.15%
Pang Yi	Ordinary shares/ Share options	317,000	–	–	5,740,000 *(Note 5)*	6,057,000	0.70%
Sung Chi Keung	Ordinary shares/ Share options	520,000	–	–	4,560,000 *(Note 6)*	5,080,000	0.59%
Nicholas Smith	Ordinary shares/ Share options	744,491 *(Note 7)*	–	–	500,000 *(Note 8)*	1,244,491	0.14%
Ip Chi Ming	Share options	–	–	–	500,000 *(Note 9)*	500,000	0.06%

Name	Class of shares	Number of shares held Personal interests	Family interests	Corporate interests	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital
Peregrine Moncreiffe	Ordinary shares/ Share options	50,000	–	–	500,000 *(Note 10)*	550,000	0.06%
Lui Ming Wah	Share options	–	–	–	500,000 *(Note 11)*	500,000	0.06%
Yang Zhen Han	Share options	–	–	–	500,000 *(Note 12)*	500,000	0.06%
Ma Chiu Cheung Andrew	Share options	–	–	–	500,000 *(Note 13)*	500,000	0.06%

Notes:

(1) The 271,223,153 Shares were held by Market Ahead, the issued share capital of which is beneficially owned by the following persons:

Mr Tong Wang Chow	76%
Mr Tong Hung Wai Tommy	6%
Mrs Tong Lee Fung Kiu	6%
Ms Tong Mei Lin	6%
Mr Lee Kun Chung	6%

Mr Tong Wang Chow is deemed to be interested in 271,223,153 Shares held by Market Ahead by virtue of the SFO. Mr Tong Wang Chow is also a director of Market Ahead.

(2) 1,500,000 Shares would be allotted and issued to Mr. Tong Wang Chow upon the exercise in full of the share options granted to Mr. Tong Wang Chow under the share option scheme of the Company adopted by the Shareholders on 29 June 2005 and terminated upon the commencement of dealings of the Shares on the Stock Exchange on 26 November 2009 (the "Share Option Scheme"). These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.2045 per Share during the period from 27 July 2007 to 26 July 2014.

1,500,000 Shares would be allotted and issued to Mr. Tong Wang Chow upon the exercise in full of the share options granted to Mr. Tong Wang Chow under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.139 per Share during the period from 15 October 2009 to 2 August 2015.

850,000 Shares would be allotted and issued to Mr. Tong Wang Chow upon the exercise in full of the share options to Mr. Tong Wang Chow under the share option scheme of the Company conditionally adopted by the Shareholders on 2 November 2009 and became effective upon the commencement of dealings of the Shares on the Stock Exchange on 26 November 2009 (the "Post Listing Share Option Scheme"). These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(3) 550,000 Shares would be allotted and issued to Mr. Tong Hung Wai Tommy upon the exercise in full of the share options granted to Mr. Tong Hung Wai Tommy under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.2045 per Share during the period from 27 July 2007 to 26 July 2014.

600,000 Shares would be allotted and issued to Mr. Tong Hung Wai Tommy upon the exercise in full of the share options granted to Mr. Tong Hung Wai Tommy under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.139 per Share during the period from 15 October 2009 to 2 August 2015.

750,000 Shares would be allotted and issued to Mr. Tong Hung Wai Tommy upon the exercise in full of the share options to Mr. Tong Hung Wai Tommy under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(4) 90,000 Shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options granted to Mr. Cheung Wai Sun under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.2045 per Share during the period from 27 July 2007 to 26 July 2014.

480,000 Shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options granted to Mr. Cheung Wai Sun under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.139 per Share during the period from 15 October 2009 to 2 August 2015.

750,000 Shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options to Mr. Cheung Wai Sun under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(5) 900,000 Shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to Mr. Pang Yi under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.112 per Share during the period from 3 August 2006 to 2 August 2015.

480,000 Shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to Mr. Pang Yi under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.2045 per Share during the period from 27 July 2007 to 26 July 2014.

960,000 Shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to Mr. Pang Yi under the Share Option Scheme. These Share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.139 per Share during the period from 15 October 2009 to 2 August 2015.

3,400,000 Shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options to Mr. Pang Yi under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(6) 600,000 Shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options granted to Mr. Sung Chi Keung under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.112 per Share during the period from 3 August 2006 to 2 August 2015.

1,000,000 Shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options granted to Mr. Sung Chi Keung under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.2045 per Share during the period from 27 July 2007 to 26 July 2014.

960,000 Shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options granted to Mr. Sung Chi Keung under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.139 per Share during the period from 15 October 2009 to 2 August 2015.

2,000,000 Shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options to Mr. Sung Chi Keung under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(7) The 744,491 Shares were held as to 319,066 Shares by Carey Pensions & Benefits Limited as trustee of InterRetire – Smith Executive Retirement Plan (the "Plan") and as to 425,425 Shares by Mr. Nicholas Smith in his own name. As at the Latest Practicable Date, Mr. Nicholas Smith was a direct beneficiary of the Plan and is deemed to have an interest in the shares held by the Plan.

(8) 500,000 Shares would be allotted and issued to Mr. Nicholas Smith upon the exercise in full of the share options to Mr. Nicholas Smith under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(9) 500,000 Shares would be allotted and issued to Mr. Ip Chi Ming upon the exercise in full of the share options to Mr. Ip Chi Ming under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(10) 500,000 Shares would be allotted and issued to Mr. Peregrine Moncreiffe upon the exercise in full of the share options to Mr. Peregrine Moncreiffe under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(11) 500,000 Shares would be allotted and issued to Mr. Lui Ming Wah upon the exercise in full of the share options to Mr. Lui Ming Wah under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(12) 500,000 Shares would be allotted and issued to Mr. Yang Zhen Han upon the exercise in full of the share options to Mr. Yang Zhen Han under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

(13) 500,000 Shares would be allotted and issued to Mr. Ma Chiu Cheung Andrew upon the exercise in full of the share options to Mr. Ma Chiu Cheung Andrew under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of HK$5.68 per Share during the period from 27 May 2011 to 26 May 2018.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Competing interest

As at the Latest Practicable Date, none of the Directors and his associates had any interest which competes or was likely to compete, either directly or indirectly, with the Company's business.

(c) Service contracts

As at the Latest Practicable Date, no Director had a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

(d) Directors' interest in assets

None of the Directors had any direct or indirect interest in any asset which had been, since 30 June 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

(e) Directors' interest in contracts

There was no contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, an interest or short position in the Shares or/and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Interest in Shares of the Company

Name	Number of Shares held	Capacity	Approximate percentage of the Company's issued share capital
Market Ahead *(Note 1)*	271,223,153	Beneficial owner	31.28%
Tong Lee Fung Kiu *(Note 1)*	271,223,153	Interest of spouse	31.28%
Huge Market Investments Limited ("Huge Market") *(Note 2)*	163,014,026	Beneficial owner	18.80%
Chaoda *(Note 2)*	163,014,026	Interest of controlled corporation	18.80%
Sunshine Hero *(Note 3)*	116,692,681	Benficial owner	13.46%
Ms. Xu Xuefeng *(Note 3)*		Interest in controlled corporation	13.46%

Note:

(1) Market Ahead is a company incorporated in the BVI, the issued share capital of which is beneficially owned by the following persons:

Mr. Tong Wang Chow	76%
Mr. Tong Hung Wai Tommy	6%
Mrs. Tong Lee Fung Kiu	6%
Ms. Tong Mei Lin	6%
Mr. Lee Kun Chung	6%

Mr. Tong Wang Chow is deemed to be interested in 271,223,153 Shares held by Market Ahead by virtue of the SFO.

Mrs. Tong Lee Fung Kiu is the spouse of Mr. Tong Wang Chow. By virtue of the SFO, Mrs. Tong Lee Fung Kiu is also deemed, as a spouse, to be interested in all the Shares in which Mr. Tong Wang Chow is deemed to be interested.

Mr. Tong Wang Chow is also a director of Market Ahead.

(2) The entire issued share capital of Huge Market is held by Chaoda. Chaoda is deemed to be interested in 163,014,026 Shares held by Huge Market by virtue of the SFO.

Mr Ip. Chi Ming is a director of Huge Market and Chaoda.

(3) Ms. Xu Xuefeng is the sole owner of Sunshine Hero and is deemed to be interested in 116,692,681 Shares held by Sunshine Hero by virtue of the SFO.

These 116,692,681 Shares refer to the Consideration Shares to be alloted and issued to Sunshine Hero on the Completion Date.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no person had, or was deemed or taken to have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

5. EXPERT AND CONSENT

The following is the qualification of the expert, who has given opinion(s) contained in and referred to in this circular:

Name	**Qualification**
Grant Thornton	Certified public accountants

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

The above expert has no direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 30 June 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

The letter and report from the above expert were given as of the Latest Practicable Date for incorporation herein.

6. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried out by the Enlarged Group, have been entered into by the Enlarged Group within two years preceding the Latest Practicable Date and are or may be material:

(i) The Group

1. a deed of non-competition dated 16 November 2009 entered into between Mr. Tong Wang Chow and Market Ahead in favour of the Company (for itself and on behalf of its subsidiaries);

2. a memorandum of understanding dated 15 April 2010 entered into between the Company and 廣西農墾國有立新農場 (in English, for identification purpose only, Guangxi Lixin Stated-owned Farm) in relation to the proposed acquisition by the Company (or its subsidiary) of the entire interest of a citrus fruit plantation located in Fuchuan County of the Guangxi Zhuang Autonomous Region in the PRC;

3. a placing agreement entered into by and among Huge Market, the Company and two placing agents, namely CLSA Limited and Merrill Lynch Far East Limited, dated 21 April 2010 in relation to the placing of up to 95,000,000 existing Shares;

4. a subscription agreement entered into between the Company and Huge Market dated 21 April 2010 in relation to the subscription of an aggregate of up to 68,000,000 new Shares by Huge Market;

5. a memorandum of understanding entered into between the Company and BPG Food & Beverage dated 7 September 2010 in relation to the sale and purchase of Beihai Group;

(ii) The Target Group

6. a patent license agreement dated 6 July 2009 entered into between Beihai BPG and Hepu BPG, pursuant to which Beihai BPG granted Hepu

BPG an exclusive license to use the patent with registration number 200410079371.X owned by Beihai BPG at nil consideration;

7. a patent license agreement dated 6 July 2009 entered into between Beihai BPG and Hepu BPG, pursuant to which Beihai BPG granted Hepu BPG an exclusive license to use the patent with registration number 200420013992.8 owned by Beihai BPG at nil consideration;

8, a bond subscription agreement dated 6 January 2010 entered into between Sunshine Hero as the issuer, the Bondholders as the subscribers, Ms. Xu and Mr. Huang as the warrantors, and BPG Food & Beverage, for the issue of the exchangeable redeemable bonds in an aggregate principal amount of US$30,780,000 to the Bondholders;

9. a shareholders' and bondholders' agreement dated 18 January 2010 entered into between BPG Food & Beverage, Sunshine Hero, Ms. Xu and the Bondholders in relation to the management and operation of BPG Food & Beverage;

10. a debenture dated 18 January 2010 entered into between Sunshine Hero, BPG Food & Beverage, Top Honest and Chance Lead (as chargors) and Billion Ally (as security trustee) pursuant to which each chargor charged its assets by way of first fixed charge to secure all present and future debts, obligations and liabilities of the chargors under the Bond Purchase Agreement and its ancillary agreements;

11. an escrow agreement dated 18 January 2010 entered into between Ms. Xu, Sunshine Hero, BPG Food & Beverage, Top Honest and Chance Lead (as chargors), Billion Ally (as security trustee) and Boardroom Corporate Services (HK) Limited (as escrow agent), pursuant to which Boardroom Corporate Services (HK) Limited was appointed as the escrow agent to hold certain escrow documents on behalf of the chargors and the security trustee;

12. a security trust deed dated 18 January 2010 entered into between Ms. Xu, Sunshine Hero, BPG Food & Beverage, Top Honest and Chance Lead (as chargors), the Bondholders and Billion Ally (as security trustee), pursuant to which Billion Ally was appointed as the security trustee to execute the security documents in relation to the Bond Purchase Agreement on their behalf and to hold the security assets on trust for the Bondholders;

13. an engagement letter dated 1 February 2010 entered into between BPG Food & Beverage and CLSA Limited in respect of, among others, reorganisation of the Target Group and subsequently terminated on 27 September 2010; and

14. the Agreement.

7. LITIGATION

Except as disclosed in this circular, as of the Latest Practicable Date, the Enlarged Group was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Enlarged Group, that would have a material adverse effect on the results of operations or financial conditions of the Enlarged Group.

8. GENERAL

The secretary and the qualified accountant of the Company is Mr. Sung Chi Keung, who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

The share registrar and transfer office of the Company in Hong Kong and Jersey is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and Computershare Investor Services (Jersey) Limited at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ESJ respectively. The office of the Depository is Computershare Investor Services PLC at the Paritions, Bridgewater, Bristol BS13 8AE.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of the Company at Room 1109-1112, Wayson Commercial Building, 28 Connaught Road West, Hong Kong, during normal business hours up to and including the date of the SGM:

(a) the memorandum of association and the Bye-laws of the Company;

(b) the accountant's report on the Target Group, the texts of which are set out in Appendix II to this circular;

(c) the unaudited pro forma financial information on the Enlarged Group and the comfort letter thereon from Grant Thornton, the texts of which are set out in Appendix III to this circular;

(d) the annual reports of the Company for the three financial years ended 30 June 2008, 2009 and 2010;

(e) the letter of consent referred to under the paragraph headed "Expert and consent" in this appendix;

(f) the material contracts as referred to under the paragraph headed "Material contracts" in this appendix; and

(g) a copy of each circular of the Company issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules since 30 June 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

10. MISCELLANEOUS

The English version of this circular shall prevail over the Chinese text.

ASIAN CITRUS HOLDINGS LIMITED
亞洲果業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: HKSE: 00073; AIM: ACHL)

NOTICE IS HEREBY GIVEN that a special general meeting of Asian Citrus Holdings Limited (the "**Company**") will be held at 13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong on 26 November 2010 at 4:30 p.m. (Hong Kong time), for the following purposes:

ORDINARY RESOLUTIONS

1. "**THAT**

the conditional agreement for sale and purchase dated 11 October 2010 (the "**Agreement**") entered into between Sunshine Hero Limited ("**Sunshine Hero**"), Excel Blaze Limited as the vendors (the "**Vendors**"), Billion Ally International Limited, Billion Step Investments Limited, Beauty Treasure Group Limited, LC II Pineapple Limited, Greater China PE Fund L.P. as the bondholders (the "**Bondholders**"), A-One Success Limited (a wholly-owned subsidiary of the Company) as the purchaser (the "**Purchaser**"), the Company and Ms Xu Xuefeng in relation to the entire issued share capital of BPG Food & Beverage Holdings Ltd. (the "**Acquisition**"), at a consideration of HK$2,047,000,000 (the "**Consideration**") which shall be satisfied by way of (i) HK$780,000,000 of cash consideration by way of execution of deeds of payment undertaking (the "**Deeds of Payment Undertaking**") by the Company in favour of Sunshine Hero and each of the Bondholders; and (ii) the balance of HK$1,260,700,000 by the allotment and issue of 164,153,646 consideration shares of the Company (the "**Consideration Shares**") to the Vendors and the Bondholders (copy of the Agreement and the latest draft of the Deeds of Undertaking are tabled at the meeting and marked "A" and "B" respectively and initialled by the chairman of the meeting for identification purpose) be and are hereby confirmed, approved and ratified and that any one director of the Company (the "**Director**"), be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be necessary, incidental to, ancillary to or in connection with the matters contemplated herein to give effect to the Agreement, the Deeds of Payment Undertaking and the Acquisition; and

* *For identification purpose only*

2. subject to (i) the passing of the ordinary resolution number 1 above and (ii) the Listing Committee of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of, and permission to deal in the Consideration Shares and the Consideration Shares being admitted to trading on AIM, an equity stock exchange operated by the London Stock Exchange, based in London, England ("**AIM**") in accordance with rule 6 of the rules of the AIM and being admitted to trading on the PLUS-quoted segment for unlisted securities operated by PLUS Markets plc, an equity stock exchange based in London, England (the "**PLUS**") in accordance with Rule 17 of the rules of PLUS; the Directors be and are hereby authorised to allot and issue 164,153,646 Consideration Shares to the Vendors and the Bondholders, in accordance with the terms of the Agreement, and the Directors be and are hereby authorised to sign and execute all such further documents and to take such steps as the Directors may in their discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the allotment and issue of the Consideration Shares."

Yours faithfully,
On behalf of the Board
Asian Citrus Holdings Limited
Tong Wang Chow
Chairman

Hong Kong, 1 November 2010

Registered office and principal place of business in Hong Kong:
Room 1109-1112
Wayson Commercial Building
28 Connaught Road West
Hong Kong

Notes:

1. A form of proxy or form of direction (as applicable) is enclosed.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.

3. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

4. **The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Registrars, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St. Helier, Jersey, JE1 1ES, Channel Islands (for Shareholders whose names appear in the Company's register of members in Jersey and who hold Shares in certificated form), or, in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Shareholders whose names appear in the Company's register of members in Hong Kong and who hold Shares in certificated form) not less then 48 hours before the time appointed for holding the meeting (or any adjournment thereof) at which the person named in the instrument proposes to vote.**

5. **Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event the form of proxy shall be deemed to be revoked.**

6. **In the case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.**

7. Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall be deemed to be present in person at any such meeting if a person so authorised is present thereat.

8. In the case of holders of Depository Interests representing Shares in the Company, a form of direction must be completed in order to instruct Computershare Company Nominees Limited, to vote on the holder's behalf at the meeting or, if the meeting effective, a completed and signed form of direction (and any power of attorney or other authority under which it is signed) must be delivered to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom by no later than 72 hours before the time fixed for the meeting or any adjourned meeting.

9. CREST members who wish to appoint a proxy or proxies by utllising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a writing service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to chose sections of the CREST Manual concerning practical limitations of the CREST system and timings.

10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those Shareholders registered in the Register of members of the Company as of 23 November 2010 are entitled to attend or vote at the special general meeting of the Company in respect to the number of shares registered in their name at that time. Changes to entries on the Register after that time will be disregarded when determining the rights of any person to attend or vote in the special general meeting.

As at the date hereof, the board of directors of the Company comprises five executive directors, namely Mr. Tong Wang Chow, Mr. Tong Hung Wai, Tommy, Mr. Cheung Wai Sun, Mr. Pang Yi and Mr. Sung Chi Keung; two non-executive directors, namely Mr. Ip Chi Ming and Hon Peregrine Moncreiffe and four independent non-executive directors, namely Mr. Ma Chiu Cheung, Andrew, Mr. Nicholas Smith, Mr. Yang Zhenhan and Dr. Lui Ming Wah, SBS JP.