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ASIAN CITRUS HOLDINGS LIMITED

亞洲果業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: HKSE: 73; AIM: ACHL)

Rule 13.09(1) Announcement

Memorandum of Understanding in relation to the Proposed Acquisition

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board is pleased to announce that on 7 September 2010, the Company and the Vendor entered into a non-legally binding (except for, among others, the Exclusivity Undertaking and confidentiality obligations in the Memorandum of Understanding) Memorandum of Understanding in relation to the Proposed Acquisition, pursuant to which the Company intended to acquire and the Vendor intended to sell the entire equity interest of the Target Project of the Vendor.

The Board wishes to emphasize that no legally binding agreement in relation to the Proposed Acquisition has been entered into as at the date of the announcement. The final terms of the Formal Agreement (if any), including but not limited to the consideration, in relation to the Proposed Acquisition, have yet to be determined and finalized. As the Proposed Acquisition may or may not proceed, public investors and the shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.

In the event the Proposed Acquisition materializes, the transaction may constitute a notifiable transaction under the Listing Rules and/or AIM Rules and/or PLUS Rules and the Company will comply with the relevant requirements (including but not limited to disclosure and shareholders' approval requirements) of the Listing Rules and/or AIM Rules and/or PLUS Rules accordingly.

This announcement is made in accordance with Rule 13.09(1) of the Listing Rules.

* For identification purposes only

MEMORANDUM OF UNDERSTANDING

Date of the Memorandum of Understanding: 7 September 2010

Parties to the Memorandum of Understanding: (a) the Vendor; and
(b) the Company.

The Directors confirmed that to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are not connected persons of the Company.

PROPOSED ACQUISITION

Pursuant to the Memorandum of Understanding, the Company intended to acquire and the Vendor intended to sell entire equity interest of the Target Project of the Vendor.

As disclosed by the Vendor, it currently holds the entire equity interest in Top Honest and Fame Zone. Top Honest and Fame Zone, through their wholly owned subsidiaries, hold 92.28% and 0.66% equity interest in Beihai BPG respectively.

Beihai BPG has three wholly-owned subsidiaries, which include Hepu BPG, Guilin BPG and Zhanjiang BPG. Beihai BPG's headquarter is located in the Guangxi Zhuang Autonomous Region and is a leading producer and seller of tropical fruit juice concentrates in the PRC. Beihai BPG processes over ten different varieties of tropical fruits, the most significant types of which include pineapples, passion fruit, lychees, mangoes and papayas. According to a report issued by the fruit and vegetable juice committee of the China Beverage Industry Association on 16 March 2010, Beihai BPG was the leading supplier of tropical fruit juice concentrates in the PRC from 2007 to 2009 in terms of production volume, achieving more than three times the production volume than its next closest domestic competitor. Beihai BPG was also the largest producer of pineapple juice concentrate and lychee juice concentrate between 2007 to 2009, having a production volume several times larger than its next closest domestic competitor in the respective segments. Currently, Beihai BPG has an annual output production capacity of over 60,000 tonnes and its products include fruit juice concentrates, fruit purees, and quick-frozen fruits.

The parties to the Memorandum of Understanding mutually agreed that if the Company is satisfied with the result of due diligence and intends to undertake the Proposed Acquisition, both parties would negotiate and use best endeavours to enter into the Formal Agreement by 31 October 2010 or such date as mutually agreed by the parties.

CONDITIONS OF THE PROPOSED ACQUISITION

The Proposed Acquisition shall be conditional upon (inter alias):

- (a) the Company having completed due diligence to its satisfaction with respect to the Proposed Acquisition;
- (b) all necessary statutory, legal and regulatory (including the Listing Rules and AIM Rules) approvals in respect of the Target Project, operation rights and the Proposed Acquisition having been obtained; and
- (c) all legal and other documents as normally required in similar transactions, the content and format of which being satisfactory to the Company, having been obtained.

EXCLUSIVITY UNDERTAKING

Under the Memorandum of Understanding, the Vendor has agreed that it would not negotiate with any third party for the sale and transfer of the Target Project from the date of the Memorandum of Understanding up to the date on which the Formal Agreement is entered into (the “**Exclusivity Undertaking**”).

NON-LEGALLY BINDING

Except for, among others, the Exclusivity Undertaking and confidentiality obligations in the Memorandum of Understanding, the Memorandum of Understanding does not constitute the parties’ legally binding commitments in relation to the Proposed Acquisition. If the Proposed Acquisition does proceed, the parties will enter into Formal Agreement in which relevant terms and conditions will be further discussed and finalized.

TARGET PROJECT

Target Project is the entire equity interest in Top Honest and Fame Zone which, through its respective wholly-owned subsidiary, hold 92.28% and 0.66% equity interest in Beihai BPG.

REASONS AND BENEFIT OF THE PROPOSED ACQUISITION

According to Guangxi Citrus Research Institute, the Company was the largest orange producer in the PRC as of June 2009, with a national market share of around 2-3%. Leveraging on the Company’s leading position in the production of oranges and the increasing demand for healthy food (including both fruits and juice beverages) due to the rapid urbanization and continuous growth in household incomes and consumers’ rising health consciousness, the Proposed Acquisition will create a synergy for the Group through vertical integration into citrus juice concentrates business and also expansion into other tropical fruit juice concentrates.

The Company considers that the Proposed Acquisition will allow the Company to expand into the concentrated juice market in the PRC in an effective and efficient way, after taking into account the leading position and scale of the Target Project. Furthermore, as disclosed by the Vendor, the Target Project is well established and has a profitable track record.

The Directors believe that the Proposed Acquisition is fair and reasonable and is in the interests of the Company and the shareholders of the Company.

GENERAL

The Memorandum of Understanding does not constitute legally binding commitment on the part of the parties in relation to the Proposed Acquisition. Further announcement will be made by the Company once the Formal Agreement (if any) in relation to the Proposed Acquisition is entered into.

The Board wishes to emphasize that no legally binding agreement in relation to the Proposed Acquisition has been entered into as at the date of the announcement. The final terms of the Formal Agreement, including but not limited to the consideration, in relation to the Proposed Acquisition, have yet to be determined and finalized. As the Proposed Acquisition may or may not proceed, public investors and the shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.

In the event the Proposed Acquisition materializes, the transaction may constitute a notifiable transaction under the Listing Rules and/or AIM Rules and/or PLUS Rules and the Company will comply with the relevant requirements (including but not limited to disclosure and shareholders' approval requirements) of the Listing Rules and/or AIM Rules and/or PLUS Rules accordingly.

DEFINITIONS

“AIM”	AIM, a market operated by the LSE
“AIM Rules”	the rules for AIM companies published by the LSE
“Beihai BPG”	北海市果香園果汁有限公司 (Beihai Perfuming Garden Juice Company Limited*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Vendor
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“Company”	Asian Citrus Holdings Limited (stock code: HKSE: 73; AIM: ACHL), a company incorporated under the laws of Bermuda with limited liability, and whose shares are listed and traded on the Main Board of the Stock Exchange, AIM and PLUS Market

“connected person”	having the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Fame Zone”	Fame Zone Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Vendor
“Formal Agreement”	the legally binding formal sale and purchase agreement to be entered into by the Company (or its wholly-owned subsidiary) and the Vendor if the Proposed Acquisition proceeds
“Group”	the Company and its subsidiaries
“Guilin BPG”	桂林果香園農業科技有限公司 (Guilin Perfuming Garden Agricultural Technology Co., Ltd.*), a limited liability company established in the PRC and a non wholly-owned subsidiary of the Vendor
“Hepu BPG”	合浦果香園食品有限公司 (Hepu Perfuming Garden Food Co., Ltd.*), a limited liability company established in the PRC and a non wholly-owned subsidiary of the Vendor
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“LSE”	The London Stock Exchange plc
“Memorandum of Understanding”	memorandum of understanding dated 7 September 2010 made between the Company and the Vendor in relation to the Proposed Acquisition
“PLUS Market”	the PLUS-quoted segment for unlisted securities operated by PLUS Market plc, an equity stock exchange based in London, England, in the form of a quote-driven electronic trading platform
“PLUS Rules”	the PLUS rules for issuers issued by PLUS Market plc
“Proposed Acquisition”	the proposed acquisition by the Company (or its subsidiary) of the entire equity interest of the Target Project of the Vendor
“Stock Exchange” or “HKSE”	The Stock Exchange of Hong Kong Limited

“Target Project”	the entire equity interest in Top Honest and Fame Zone
“Top Honest”	Top Honest Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Vendor
“Vendor”	BPG Food & Beverages Holdings Ltd., a company incorporated and validly existing under the laws of Cayman Islands
“Zhanjiang BPG”	湛江市果香園食品有限公司 (Zhanjiang Perfuming Garden Food Co., Ltd.*), a limited liability company established in the PRC and a non wholly-owned subsidiary of the Vendor
“%”	per cent.

BY ORDER OF THE BOARD
Asian Citrus Holdings Limited
Tong Wang Chow
Executive Director

Hong Kong, 7 September 2010

As at the date of this announcement, 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.