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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)

PROFIT WARNING

This announcement is made by Asian Citrus Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the unaudited management accounts of the Group and after taken into account the impairment losses and provisions relating to the damage caused by Typhoon Rammasun (the “Typhoon”) (as previously announced on 22 July 2014), the core net profit[#] for the year ended 30 June 2014 (“FY2014”) will now be lower than current market expectations as well as the comparative figures for the same period for the year ended 30 June 2013 (“FY2013”).

This announcement is based only on the preliminary assessment of the unaudited management accounts and financial information of the Group for FY2014 and the subsequent effect of the Typhoon damages available to the Board. The audit now being conducted by the auditor of the Company on the management accounts has not yet been completed and the management accounts may still be subject to adjustments.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company gives the following update on the financial and operational impact on the Group’s Hepu Plantation and Beihai Juice Concentrates factories (“BPG”), of the Typhoon, as previously announced on 22 July 2014, and separately on the carrying value of BPG.

The Typhoon, which was the largest typhoon to hit Southern China in 41 years, landed in Guangxi, where our Hepu Plantation and BPG are located, on 19 July 2014. The Typhoon:

- (i) destroyed 221,769 banana trees planted in 2013 in Hepu Plantation, as a result of which there will be no harvest in September 2014;
- (ii) damaged certain farmland infrastructure and machinery and buildings such as windbreaks, greenhouse facilities, high and low voltage wires at Hepu Plantation and BPG; and
- (iii) caused BPG to temporarily suspend activity at two of its production plants, as a result of suspension of electricity supply. Consequently, some inventory including raw material cannot now be used for the purposes for which it was originally acquired.

Consequently, management currently estimate impairment losses and provisions relating to the damage caused by the Typhoon of approximately RMB36 million to assets will be required in the Group’s financial statements for FY2014. Accordingly, whilst the Board expects turnover for FY2014 to be broadly in line with current market expectations, however, the core net profit[#] will now be lower than current market expectations, as well as the comparative figures for the same period in FY2013.

Additionally, the Typhoon caused a significant volume of pre-mature fruit drop from existing oranges trees in Hepu Plantation, which will result in decreased production yield in particular for the upcoming winter and summer crops in the financial year of 2015. It is also expected that the impact of the Typhoon will prolong both the susceptibility of the orange trees to citrus canker infection and soil leaching in the plantation areas. The assessment of the net change in fair value of biological assets for FY2014 is still under review; the subsequent effect of the Typhoon will also be taken into account in the assessment.

The Group’s insurance policy does not cover damage from natural disasters and as such there will be no reimbursement of the losses incurred from the Typhoon. The Board will review its insurance cover to ensure it is appropriate going forward.

Separate to the impact of the Typhoon, the Board expects that a material impairment loss in respect of goodwill (arising initially on the acquisition of BPG in November 2010 for a consideration of approximately HK\$2.31 billion (equivalent to approximately RMB1.97 billion)) will be charged to the Group's statements of profit or loss for FY2014, according to a comparison of the carrying value of goodwill as at 30 June 2014 and the recoverable amount assessed based on the current business and operating environment of BPG. The assessment of the impairment testing of goodwill for FY2014 is still under review.

The Board wishes to emphasise that the change in fair value of biological assets and impairment loss in respect of goodwill are non-operational and do not have any effect on cash flow of the Group.

The information contained in this announcement is based only on the preliminary assessment of the unaudited management accounts and financial information of the Group for FY2014 and the subsequent effect of the Typhoon damages available to the Board. The audit now being conducted by the auditor of the Company on the management accounts has not yet been completed and the management accounts may still be subject to adjustments.

The full year results of the Group for FY2014 are expected to be published in September 2014.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

BY ORDER OF THE BOARD
Asian Citrus Holdings Limited
Ng Hoi Yue
Non-executive Chairman

Hong Kong, 11 August 2014

* *For identification purposes only*

Core net profit refers to profit/loss for the period excluding change in the carrying value of goodwill, change in the fair value of biological assets, and share-based payments.

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr. Ng Ong Nee (Chief Executive Officer), Mr. Tong Hung Wai, Tommy, Mr. Cheung Wai Sun and Mr. Pang Yi and five independent non-executive directors, namely Mr. Ng Hoi Yue (Non-executive Chairman), Dr. Lui Ming Wah, SBS, JP, Mr. Yang Zhen Han, Mr. Chung Koon Yan and Mr. Ho Wai Leung.