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)

VOLUNTARY ANNOUNCEMNT

This announcement is made by Asian Citrus Holdings Limited (the "**Company**") on a voluntary basis. The purpose of this announcement is to keep the shareholders and potential investors of Asian Citrus Holdings Limited updated of the operation of Asian Citrus Holdings Limited.

The Chairman of the Company, Mr. Tong Wang Chow responds to the recent comments made about Asian Citrus Holdings Limited. He also outlines the Company's recent business development and strategy, and talks about its operations.

By order of the Board
ASIAN CITRUS HOLDINGS LIMITED
Tong Wang Chow
Chairman

Hong Kong, 6 October 2011

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 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.

* *For identification purposes only*

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The following responses by Mr. Tong Wang Chow, Chairman, to questions put by Corporate Focus ( ) Limited are intended to respond to the recent comments made about Asian Citrus Holdings Limited and outline the strategies of its operations.

There appears to be negative sentiment because of your perceived association with Chaoda which is currently suspended by the HK Stock Exchange and its Chairman and CFO investigated by the Market Misconduct Tribunal. Chaoda was a major shareholder in your company before being diluted down to 13%. On your board is a representative of Chaoda and there are concerns as to the independence of the management. Can you clarify the exact nature of your relationship with Chaoda?

A By way of background, in 2001 when the Company was privately owned, the Chairman sold part of his shares and also issued new shares to Chaoda resulting in them owning a 49% interest. However with the Company's listing and subsequent sales of shares in the Company by Chaoda, its interest in Asian Citrus has now fallen to 13.4%. Chaoda is merely a passive financial investor in Asian Citrus. The representative of Chaoda sitting on Asian Citrus' board is a non-executive director. He does not participate in the daily management of our Company. Neither does he participate in any contract negotiations nor exert any undue influence in our Company. We currently have 11 directors on our board, four of them are independent directors; and with due regard to good corporate governance, no one particular Director out of the eleven exercises undue influence.

A recent report on Chaoda implied that there could be question marks over the purchase of fertilizers by Asian Citrus from Fujian Chaoda, a company with majority stake owned by the Chairman of Chaoda. Why did you purchase fertilizer from this company and how do you negotiate purchase contracts?

A The vendor you are talking about is Fujian Chaoda and its subsidiaries, a company that is owned 95% by the Chairman of Chaoda. Asian Citrus has for many years bought organic fertilizer from Fujian Chaoda and its subsidiaries. We have disclosed this as a connected party transaction in our annual reports since the Company's listing and all purchases have been on an arms' length basis. We are aware of the allegations against Fujian Chaoda but Fujian Chaoda is nothing more than a vendor like any other third party vendor of goods to our Company.

However for the sake of clarity, let me explain our procurement process.

We have for many years operated strict policies and procedures and are very proud of these policies and procedures that govern our tendering process. Every six months, the purchasing team tenders key material supply contracts and in the case of fertilizers, we receive at least three quotations from different suppliers. As in all supply contracts, we consider many factors. Price and quality of the fertilizers are obviously important factors. We also look at reliability of service and delivery as well as spreading our risk. In fact, the fertilizers supplied by Fujian Chaoda are not only the best quality, but also very price competitive. Accordingly, they consistently win the tender. In addition to the tendering process, our auditors, Baker Tilly Hong Kong Limited, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Hong Kong Listing Rule 14A.38.

Having said that, our purchase of fertilizers from Chaoda has decreased from RMB47 million in FY2010 (~28% of total fertilizer usage) to RMB34 million in FY2011 (~17% of total fertilizer usage). This is because other suppliers have become more competitive in the current years and we continue to diversify our suppliers. We are mindful of reputational risk of our suppliers and should Fujian Chaoda or any other supplier come into disrepute, we will terminate any commercial relationship with that supplier.

What would be the cost impact if you chose another supplier? Your gross margin declined in 2010/2011. What contributed to this decline? Was this in any way related to the fertilizer contracts?

A The decline in the gross margin is not related to our fertilizer contracts. Rather the decline in the gross margin in 2010/2011 was because of the consolidation of the juicing business we bought in November 2010. Our agricultural gross margin was approximately 60% (~58% in 2009/2010) while the fruit processing gross margin was approximately 34% in FY2010/2011. As a final point, had we not used Fujian Chaoda at all in 2010/2011 the overall fertilizer costs would have increased by 2-3%

Beyond the fertilizer contract, are there any other commercial arrangements between Chaoda and Asian Citrus that shareholders should be aware?

A Other than the fertilizer contact, there are currently no other commercial arrangements between Chaoda and Asian Citrus.

If Chaoda is forced to sell its stake in Asian Citrus, would you consider purchasing the shares back or would you prefer to see the shares in the hands of institutional investors and do you expect to see any setback in price?

A Let me state, it is up to Chaoda to decide on how to manage its holdings in Asian Citrus. Should they decide to sell, it is also up to them to whom and when they sell. In fact we have been overwhelmed by investors who have approached us recently to explore the possibility to acquire that parcel of shares. To be fair to every shareholder, Asian Citrus should only buyback the shares from the market which we are actively considering, not from any specific shareholder. In the event Chaoda decided to sell its stake in Asian Citrus, we would try our best to make sure the disposal is in an orderly manner to either institutional or strategic investors.

There have been many allegations against PRC and Hong Kong listed companies about the valuation of their assets, rights to harvest and ownership title and lease tenure. You have specifically relied on PRC legal advisors in absence of procuring title. Can you comment on all the above?

A This was comprehensively and satisfactorily covered as part of the legal due diligence for our HK listing in 2009. We understand there has been concern in the market towards certain companies who have allegedly overstated their assets or harvesting rights. We stand by the comprehensive valuation undertaken by Vigers Appraisal & Consulting Limited on an annual basis that values our plantations and which is audited by our external auditors. Moreover, our PRC legal advisors, Zhong Lun Law Firm, confirmed in 2009 that all our land leases are legal and valid and Asian Citrus has been duly registered with the relevant government authorities as the owners of the orange trees at our respective plantations.

For the year ended June 30, 2011 you had a 90% increase in profit from a 74% increase in revenue. Is this sustainable? Can you comment on the profile of ageing of your assets and its yield from your Hepu, Xinfeng and Hunan plantations?

A The substantial increase in profit and revenue in FY2011 was mainly due to the 16% increase in production volume of oranges, 10% increase in average selling price of oranges and the inclusion of the trading results for seven months of the fruit processing business since December 2010.

In FY 2012, we expect there will be continued growth in the production volume of oranges benefiting from the increasing maturity of our Xinfeng Plantation and the full year's trading results of the fruit processing business will be consolidated into our Group for the first time. To that would be added, any price increments, if available.

In FY 2011, we have enhanced our disclosures including certain analysis of the age profile and corresponding production volume for our plantations which was included in our latest announcement for FY 2011.

Why did you acquire the Hepu plantation? Did Pepsico reject this plantation and what did you see in it they didn't?

A The Hepu Plantation was a business invitation opportunity from the Hepu County government in 1999. Pepsico acquired Tropicana in 1998 and decided to give up the Hepu Plantation for its own strategic reasons and handed the Hepu Plantation back to the Hepu County government in 1999. The Hepu Plantation was very young and not productive at that time so required a substantial amount of working capital. As a result, the Hepu County government decided to introduce new investors to the Hepu Plantation by way of a business invitation opportunity. After due diligence and inspections, our Chairman decided to take over the Hepu Plantation from the Hepu County government in view of its strong growth potential.

How will the new replanting yield better results for you?

A The strategy of the replanting program is to maximize our revenue by replacing certain existing winter orange trees in the Hepu Plantation with summer orange trees. The reason being that the average selling price of our summer oranges was approximately RMB6,000 per tonne while the average selling price of our winter oranges was less than RMB4,000 per tonne in FY 2011. This was discussed at our latest results announcement. So, the replanting is targeted at yielding better profitability for Asian Citrus.

You have diversified into concentrates and other fruits with the acquisition of Beihai BPG for HKD780m and issuance of 164m new shares of Asian Citrus. How does this acquisition help the company?

A The acquisition of the fruit processing business was accretive to our operational earnings per share for FY 2011. The fruit processing business is an important addition for Asian Citrus allowing us to move downstream in the value chain and create more flexibility for our agricultural business.

Consumer needs are changing and they are consuming more juices. This acquisition equips us with the necessary processing capacity, technical know-how and distribution network to enter into the juice market.

Your sales to supermarkets increased last year and you have previously mentioned that this had led to higher margins for the Group. What is your preferred mix of sales into the different channels and how do you expect this to affect your performance?

A We expect to increase our direct sales to supermarkets in order to achieve a better margin as a result of the higher selling price. The larger the direct sales to supermarkets, the better the profitability and margin for Asian Citrus. Sales to supermarkets are normally at a significant premium and branded under our own brand of "Royal Star". Even after additional costs associated with the sales to supermarkets, such as packaging and transportation the margins are considerably better than selling to wholesalers.

Let's talk about the China market. You are the largest supplier. What is the threat of the other suppliers taking market share from you? What is outlook for growth of the PRC market for domestic consumption of oranges and other fruits that you are selling?

A Agriculture in China is very fragmented. The threat of other suppliers taking significant market share from us would be remote as sizeable orange plantations are very capital intensive and take many years to yield a meaningful amount of harvest.

According to USDA, the total production of oranges in China in 2010 was approximately 6.5 million tonnes. With total population exceeding 1.3 billion in China, the consumption of oranges per capita is estimated at below 5kg which is far less than the other developed countries. The total orange consumption in China increased with a CAGR of 10% from 2008 to 2010 according to USDA. In such a fragmented market with sustainable growth in consumption, we are very optimistic about the growth potential of the orange market in China.

How does the sale of self-bred saplings help your business?

A Designed to release capital from our balance sheet, the sale of self-bred saplings offer us the first right to buy back the oranges from the farmers in the future. By doing so, we are contracting with farmers to grow the oranges on our behalf and it represents a less capital intensive means for Asian Citrus to grow our production volume in the long run.

You have HKD2.2bn in cash. Given the fall in your share price would you consider a buy back? If not, what is your plan for the cash? Do you have a heavy capex rollout that will exhaust the cash? Will you consider acquisitions?

A All our cash are kept in China and Hong Kong with major banks such as China Construction Bank, Industrial and Commercial Bank of China and Nanyang Commercial Bank where we have full access and absolute control over such bank balances. A shareholders' mandate for share buyback was granted at the last AGM in 2010 and we are actively considering buyback of shares when the expected returns from share buyback exceed the returns we can reasonably anticipate from new investments, although we have to consider strengthening our strategic position as the dominant producer of oranges and juice concentrates. In FY 2012, the major capex would be the continuing investment in the Hunan Plantation and the investment in the new juicing facility in Baise city of Guangxi Region. We are also on the lookout for potential acquisitions.