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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)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

The board of directors (the “Board”) of Asian Citrus Holdings Limited (the “Company” or “Asian Citrus”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2014 together with its comparative figures for the six months ended 31 December 2013.

RESULTS HIGHLIGHTS

	Six months ended 31 December		For illustration only Six months ended 31 December	
	2014	2013	2014	2013
	(RMB m)	(RMB m)	(£ m**)	(£ m**)
Reported financial information				
Revenue	584.4	748.3	60.5	75.0
Gross (loss)/profit	-132.9	98.8	-13.8	9.9
EBITDA	-152.6	-471.0	-15.8	-47.2
Loss attributable to shareholders	-236.4	-548.0	-24.5	-54.9
Basic loss per share	-RMB0.19	-RMB0.45	-2.0p	-4.5p
Adjusted core financial information[#]				
EBITDA	-109.2	118.0	-11.3	11.8
(Loss)/profit before tax	-191.9	45.3	-19.9	4.5
(Loss)/profit attributable to shareholders	-193.0	41.0	-20.0	4.1
Basic (loss)/earnings per share	-RMB0.15	RMB0.03	-1.6p	0.3p

* For identification purpose only

** Conversion at £1 = RMB9.66 and RMB9.98 for the six months ended 31 December 2014 and 2013 respectively for reference only.

Adjusted core financial information refers to activities for the period excluding change in fair value of biological assets and share-based payments.

RESULTS HIGHLIGHTS *(Continued)*

- Results for the first half year are as anticipated:
 - Total orange production decreased by 25.0% to 110,993 tonnes due to (i) extensive damage at the Hepu Plantation from the impact of Typhoon Rammasun and Typhoon Seagull; and (ii) the effect of cryogenic freezing rain and frosts in Xinfeng in early 2014 on the fruit blossom, and the effect of high temperature and drought in Xinfeng during the period from September to December 2014 causing water scarcity for irrigation which affected the size as well as production volume of the winter orange crop (six months ended 31 December 2013: 147,927 tonnes).
 - Revenue down by 21.9% to RMB584.4 million (six months ended 31 December 2013: RMB748.3 million).
 - Adjusted core loss attributable to shareholders of RMB193.0 million (six months ended 31 December 2013: adjusted core profit attributable to shareholders RMB41.0 million) reflecting both the reduction in production volume and average selling price of winter oranges, as a result of the impact by the typhoons in Hepu and unfavourable weather in Xinfeng in 2014.
 - Net operating activities cash outflow of RMB70.5 million (six months ended 31 December 2013: net operating activities cash inflow RMB165.1 million) and cash and cash equivalents of RMB1,528.2 million as at 31 December 2014 (31 December 2013: RMB2,108.0 million).
- The construction of Hunan Plantation was completed after 26,960 grapefruit trees were planted during the period.
- In view of the Group's net loss for the period, the Board does not recommend the payment of any interim dividend for the six months ended 31 December 2014 (six months ended 31 December 2013: Nil).

CHIEF EXECUTIVE OFFICER'S STATEMENT

As foreshadowed in my first annual statement six months ago, the first half of the year has seen the Group face a number of challenges, with unfavourable weather conditions, which contributed to reducing harvest volumes and increasing our cost base, and a significant drop in the average selling price.

FINANCIAL HIGHLIGHTS

For the six months ended 31 December 2014, the Group's total revenue decreased by 21.9% to RMB584.4 million from RMB748.3 million in the same period last year. Adjusted core loss attributable to shareholders during the period, before the change in fair value of biological assets and share based payments, was RMB193.0 million, representing a decrease of 570.7% as compared to adjusted core profit attributable to shareholders of RMB41.0 million for the last corresponding period. This primarily reflected the reduction in production volume and average selling price of winter oranges, as well as higher direct costs, such as fertilisers and pesticides, as we sought to mitigate the impact of adverse weather conditions both on crops and on the leaching of nutrients from the soil.

The Group recorded a loss of RMB40.0 million from the change in fair value of biological assets for the six months ended 31 December 2014, compared with a loss of RMB583.0 million for the six months ended 31 December 2013; the Board would like to highlight that the change in the fair value of biological assets is non-operational and does not have any impact on the Group's cash flow.

After taking into account the non-cash flow items of the change in fair value of biological assets and share-based payments, the net loss for the period was RMB236.4 million (six months ended 31 December 2013: RMB548.0 million).

OPERATIONAL REVIEW

The Group controls three plantations in mainland China occupying a total area of approximately 103.3 square kilometres with two currently in full operation: Hepu Plantation in Guangxi Zhuang Autonomous Region ("Guangxi") and Xinfeng Plantation in Jiangxi Province. As I mentioned in my first annual statement, operations at our third plantation in Hunan Province, Hunan Plantation, are delayed but it remains on schedule to begin production in 2016.

For the six months ended 31 December 2014, the production yield at Hepu Plantation decreased by 71.1% to 7,146 tonnes in comparison to 24,699 tonnes for the same period last year. This was mainly due to the extensive damage from the impact of Typhoon Rammasun. The gross loss margin for Hepu Plantation was 431.4% this period, compared to a gross profit margin of 25.3% for the same period last year, as a result of the poor appearance of oranges inflected by citrus canker leading to a 40.2% decrease in the average selling price compared with the same period last year and the additional direct costs incurred resulting from the inclement weather.

The production yield for the six months ended 31 December 2014 at Xinfeng Plantation was 103,847 tonnes compared with 123,228 tonnes for the same period last year, a decrease of 15.7%. The gross loss margin for Xinfeng Plantation was 28.8% this period, compared to a gross profit margin of 2.9% for the same period last year. The costs of maintaining the trees and plantation are fixed and when applied against a lower turnover this has severely impacted the gross profit margin. This has been further affected by the effect of cryogenic freezing rain and frosts in Xinfeng in early 2014 on the fruit blossom and the effect of high temperature and drought in Xinfeng area during the period from September to December 2014 causing water scarcity for irrigation, which impacted the size as well as production volume of the winter orange crop.

Through our 92.94% equity interest in Beihai BPG, the Group has three fruit processing plants. Two of them are located in Beihai City and Hepu County in Guangxi, covering a total site area of nearly 110,000 square metres, with an annual production capacity of around 60,000 tonnes and an average utilisation rate of 82.9% for the six months ended 31 December 2014. The third plant in Baise City, Guangxi remains in operation at a low level of capacity and will do so until more fruit processing business is attracted, at which stage further investment will be made into the business.

OUTLOOK AND STRATEGY

Over the last two years, the inclement weather and persistent heavy rainfall has caused significant leaching of nutrients from the soil in Xinfeng Plantation, and the impact of Typhoon Rammasun prolonged the susceptibility of the orange trees to both citrus canker infection and soil leaching in Hepu plantation. High levels of direct costs are expected to be incurred in the short term. Due to the weak condition of the orange trees it will take a number of years for harvests at Hepu Plantation and Xinfeng Plantation to fully recover to previous levels.

While it is still early in the financial year to fully judge the materiality of the challenges highlighted above to the Group's likely full year performance, we anticipate that conditions in the second half will continue to be demanding.

Given the result of the first half year, the Board has decided not to pay an interim dividend. Our existing dividend policy, which stipulates a dividend of not less than 30% of our adjusted core net profit, remains unchanged.

Since accepting the position of the Chief Executive Officer of the Group, almost a year ago, I have sought to strengthen and develop the Group's underlying business. In this regard we have explored new-market opportunities regarding the diversification and innovation of the product mix in order to improve margins. We also continue to focus our attention on research and development in relation to the pricing and quality of our products.

Finally, on behalf of the Board, I would like to express my appreciation to our management team and employees for their continued valuable contributions and support. It has been a privilege to work with every single individual within Asian Citrus. Although our challenges remain, I am confident of the positive performance the Group can deliver in the medium and long term.

Ng Ong Nee
Chief Executive Officer

26 February 2015

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING PERFORMANCE

Revenue

The breakdown of revenue by type is as follows:

	For the six months ended 31 December			
	2014		2013	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
Hepu Plantation	16,165	2.8%	93,634	12.5%
Xinfeng Plantation	324,834	55.6%	375,273	50.1%
Sales of oranges	340,999	58.4%	468,907	62.6%
Sales of processed fruit	243,398	41.6%	279,426	37.4%
Total revenue	584,397	100.0%	748,333	100.0%

Sales of oranges

Revenue from sales of oranges decreased by approximately 27.3% to RMB341.0 million for the six months ended 31 December 2014. This was mainly due to a decrease of approximately 25.0% in the production yield to 110,993 tonnes (six months ended 31 December 2013: 147,927 tonnes) and an approximate decrease in average selling price of 2.9%.

The production yield from Hepu Plantation decreased by approximately 71.1% from 24,699 tonnes for the corresponding period of last year to 7,146 tonnes for the six months ended 31 December 2014. The decrease in production was mainly due to the extensive damage suffered from the impact of Typhoon Rammasun in July 2014, the strongest in the region for over 40 years, and Typhoon Seagull in September 2014 (the “Typhoons”). The Typhoons caused a significant drop in the volume of pre-mature fruit and leaves from the existing orange trees in Hepu Plantation. Furthermore, the impact of the Typhoons prolonged both the susceptibility of the orange trees to citrus canker infection and soil leaching in the plantation areas.

The production yield from Xinfeng Plantation decreased by approximately 15.7% from 123,228 tonnes for the corresponding period of last year to 103,847 tonnes for the six months ended 31 December 2014. This resulted from the effect of cryogenic freezing rain and frosts in Xinfeng in early 2014 on the fruit blossom and the effect of high temperature and drought in Xinfeng area during the period from September to December 2014 causing water scarcity for irrigation, which impacted the size as well as production volume of the winter orange crop.

The following table sets out the average selling prices of winter oranges in different plantations:

	For the six months ended 31 December	
	2014 (RMB/tonne)	2013 (RMB/tonne)
Hepu Plantation	2,310	3,863
Xinfeng Plantation	<u>3,221</u>	<u>3,137</u>

The average selling price of the winter orange crop in Xinfeng Plantation increased by approximately 2.7% for the six months ended 31 December 2014. However, the average selling price at Hepu Plantation was approximately 40.2% lower than the corresponding period of last year; this reduction reflects both extensive typhoon damage and the poor appearance of oranges inflected by citrus canker.

All of the Group's oranges were sold on the domestic market. The Group's customers can be divided into three categories, namely supermarket chains, corporate customers and wholesale customers. The breakdown of sales revenue by type of customer is as follows:

	For the six months ended 31 December	
	2014 % of sales of oranges	2013
Supermarket chains	25.5%	22.1%
Corporate customers	44.9%	48.0%
Wholesale customers	29.2%	29.4%
Other	<u>0.4%</u>	<u>0.5%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

For the six months ended 31 December 2014, the volume and revenue from supermarket chains represented approximately 24.7% and 25.5% respectively of the total for the Group, compared to approximately 19.3% and 22.1% respectively for the corresponding period of last year; this percentage increase reflects more oranges sold to supermarket chains by Xinfeng Plantation.

For Hepu Plantation and Xinfeng Plantation, the volume sold to supermarkets was 2,169 tonnes and 25,218 tonnes respectively for the six months ended 31 December 2014 (six months ended 31 December 2013: 7,116 tonnes and 21,434 tonnes).

The Group sells two types of oranges to customers, namely ungraded oranges and graded oranges. Ungraded oranges are packaged and customers are required to arrange for the transportation at their own expense. Generally, ungraded oranges are sold to wholesale customers. Graded oranges are oranges that the Group grades, packages and delivers to the customers at the Group's cost, usually to supermarket chains and some corporate customers. The graded oranges are branded under our label "Royal Star", at a premium price compared to the ungraded oranges. The sales breakdown of the types of oranges is as follows:

	For the six months ended 31 December	
	2014	2013
	% of sales of oranges	
Graded oranges	3.0%	5.9%
Ungraded oranges	97.0%	94.1%
Total	100.0%	100.0%

Sales of processed fruit

The below table sets out the volume and revenue from the sales of processed fruit:

	For the six months ended 31 December			
	2014		2013	
	Volume	Revenue	Volume	Revenue
	(Tonnes)	RMB'000	(Tonnes)	RMB'000
Pineapple juice concentrates	1,263	13,767	5,442	49,699
Lychee juice concentrates	2,054	25,901	2,282	38,984
Red dates and medlar concentrates	2,273	24,339	1,587	17,002
Other fruit juice concentrates	283	10,866	852	27,758
Mango purees	6,305	43,922	6,814	43,569
Other fruit purees	2,580	21,304	3,730	30,599
Dried fruit	568	26,106	378	14,433
Frozen mango	3,878	37,495	2,416	18,509
Frozen papaya	3,301	25,960	3,302	24,112
Other frozen fruit and vegetables	1,447	12,085	2,084	14,761
	23,952	241,745	28,887	279,426
Fruit juice trading	N/A	1,653	N/A	-
Total	23,952	243,398	28,887	279,426

The Group has three fruit processing plants in the People's Republic of China (the "PRC"), which are located in Beihai City, Hepu County and Baise City, Guangxi ("BPG"). BPG processes over 22 different types of tropical fruit, including pineapples, passion fruit, lychees, mangoes and papayas (only products that account for over 10% of the revenue from the sales of processed fruit are shown in the table above).

Revenue from the sales of processed fruit decreased by approximately 12.9% to approximately RMB243.4 million for the six months ended 31 December 2014, mainly due to the decrease in sales of pineapple juice concentrates owing to limited raw material supplies as Typhoon Rammasun destroyed a significant volume of fruit crop, especially pineapples.

The average utilisation rate of the BPG was approximately 82.9% for the six months ended 31 December 2014.

BPG currently generates most of its sales from the PRC market, with key customers being beverage mixers supplying major beverage groups.

Cost of sales

The breakdown of the Group's cost of sales is as follows:

	For the six months ended 31 December			
	2014		2013	
	<i>RMB'000</i>	<i>% of cost of sales of respective segment</i>	<i>RMB'000</i>	<i>% of cost of sales of respective segment</i>
Inventories used				
Fertilisers	278,714	55.3%	242,849	55.9%
Packaging materials	3,752	0.7%	10,212	2.3%
Pesticides	77,681	15.4%	58,460	13.5%
	<u>360,147</u>	<u>71.4%</u>	<u>311,521</u>	<u>71.7%</u>
Production overheads				
Direct labour	48,606	9.6%	48,020	11.1%
Depreciation	55,457	11.0%	49,788	11.5%
Others	40,137	8.0%	24,838	5.7%
Cost of sales of oranges	<u>504,347</u>	<u>100.0%</u>	<u>434,167</u>	<u>100.0%</u>
Fruit	146,036	68.6%	142,438	66.1%
Packaging materials	13,290	6.2%	16,611	7.7%
Direct labour	17,920	8.4%	16,686	7.7%
Other production overheads	35,724	16.8%	39,676	18.5%
Cost of sales of processed fruit	<u>212,970</u>	<u>100.0%</u>	<u>215,411</u>	<u>100.0%</u>
Total	<u>717,317</u>		<u>649,578</u>	

Cost of sales of oranges consists of raw materials such as fertilisers, packaging materials, pesticides and other direct costs such as direct labour, depreciation and production overheads. The cost of sales of oranges increased by approximately 16.2% from approximately RMB434.2 million to RMB504.3 million. The increase in cost of sales was mainly due to (i) the increase in consumption of both fertilisers and pesticides, which minimise further damage from the Typhoons so as to prevent citrus canker infection and soil leaching in Hepu Plantation areas; (ii) the increase in production overheads including weed covering, drip irrigation system maintenance and orange trees pruning owing to unfavourable weather in 2014. Consequently, the unit cost of production in Hepu Plantation and Xinfeng Plantation increased to approximately RMB12.02 per kg and RMB4.03 per kg respectively for the six months ended 31 December 2014 (six months ended 31 December 2013: RMB2.83 per kg and RMB2.96 per kg respectively). It is expected that the high costs environment will continue in the short term.

Cost of sales of processed fruit mainly includes the costs of raw material fruit and packaging materials and other direct costs such as direct labour and production overheads. For the six months ended 31 December 2014, the cost of sales of processed fruit was broadly flat at approximately RMB213.0 million compared to the same period last year at approximately RMB215.4 million.

Gross loss

The Group's overall gross loss for the six months ended 31 December 2014 increased to approximately RMB132.9 million, compared to the gross profit of approximately RMB98.8 million for the last corresponding period. The overall gross loss margin increased to 22.7% for the six months ended 31 December 2014, compared to the gross profit margin of 13.2% for the last corresponding period.

The following table sets out a breakdown of the Group's gross (loss)/profit margin by plantation:

	For the six months ended 31 December	
	2014	2013
Hepu Plantation	-431.4%	25.3%
Xinfeng Plantation	<u>-28.8%</u>	<u>2.9%</u>

The increase in gross loss margin was mainly due to (i) the total production yield of the winter orange crop decreased by approximately 25.0%; (ii) the average selling price of the winter orange crop in Hepu Plantation dropped by approximately 40.2%; and (iii) the cost of sales of oranges increased by approximately 16.2%, reflecting the increase in consumption of both fertilisers and pesticides to minimise further damage from the Typhoons by preventing citrus canker infection and soil leaching in the Hepu Plantation areas.

The following table sets out a breakdown of the Group's gross (loss)/profit margin by business:

	For the six months ended 31 December	
	2014	2013
Sales of oranges	-47.9%	7.4%
Sales of processed fruit	<u>12.5%</u>	<u>22.9%</u>

For BPG, the normalised gross profit margin for the six months ended 31 December 2014 decreased to approximately 12.5% compared to 22.9% in the same period last year. The decrease was mainly due to the increase in cost of raw materials owing to limited supplies.

Change in fair value of biological assets

The Group recognised a loss of approximately RMB40.0 million from an adjustment in the fair value of biological assets for the six months ended 31 December 2014, compared to a loss of RMB583.0 million for the corresponding period of last year. The loss was mainly due to the decrease in production yield, higher cost of sales and the decrease in the market prices of winter oranges. The Board wishes to emphasise that the change in fair value of biological assets is non-operational and does not have any effect on the cash flow of the Group for the six months ended 31 December 2014.

Selling and distribution expenses

Selling and distribution expenses comprise mainly advertising, staff commission, salaries and welfare of sales personnel, traveling and transportation expenses. The selling and distribution expenses of the Group decreased by 9.5% from approximately RMB21.8 million for the corresponding period of last year to approximately RMB19.7 million for the six months ended 31 December 2014, mainly due to a decrease in transportation costs resulting from a decrease in revenue from sales of graded oranges.

General and administrative expenses

General and administrative expenses comprise mainly of salaries, office administration expenses, depreciation, amortisation, and research costs. The general and administrative expenses of the Group were broadly in line with the same period last year at approximately RMB59.8 million for the six months ended 31 December 2014 (six months ended 31 December 2013: RMB59.5 million).

Other operating expenses

Other operating expenses were approximately RMB488,000 for the six months ended 31 December 2014 (six months ended 31 December 2013: Nil), and mainly included raw material written off as a result of the damage caused by Typhoon Rammasun.

Loss attributable to shareholders for the period

The loss attributable to shareholders for the six months ended 31 December 2014 was approximately RMB236.4 million, compared to a loss of approximately RMB548.0 million for last corresponding period, representing a decrease of approximately 56.9%.

The adjusted core loss attributable to shareholders, which refers to the loss for the period excluding the change in fair value of biological assets and share-based payments for the six months ended 31 December 2014 was approximately RMB193.0 million, compared to the adjusted core profit of approximately RMB41.0 million for the corresponding period of last year, representing a decrease of approximately 570.7%.

DIVIDENDS

In view of the Group's net loss for the period, the Board does not recommend the payment of any dividend for the six months ended 31 December 2014 (six months ended 31 December 2013: Nil). Our existing dividend policy, which stipulates a dividend of not less than 30% of our adjusted core net profit, remains unchanged.

CAPITAL STRUCTURE

As at 31 December 2014 there were 1,249,637,884 shares in issue. Based on the closing price of HK\$0.88 as at 31 December 2014, the market capitalisation of the Company was approximately HK\$1,099.7 million (approximately GBP91.3 million).

HUMAN RESOURCES

There were a total of 1,865 employees (excluding Directors) of the Group as at 31 December 2014 (31 December 2013: 1,329 employees) and staff costs for the six months ended 31 December 2014 were approximately RMB83.0 million (six months ended 31 December 2013: RMB83.8 million). The Group aims to attract, retain and motivate high calibre individuals with competitive remuneration packages. Remuneration packages are performance-linked and business performance, market practices and competitive market conditions are all taken into consideration in calculating remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as discretionary bonuses, mandatory provident fund contributions and share options.

FINANCIAL PERFORMANCE

	31 December 2014	30 June 2014
Current ratio (x)	16.61	21.84
Quick ratio (x)	14.70	19.18
Net debt to equity (%)	Net Cash	Net Cash
	31 December 2014	31 December 2013
Asset turnover (x)	0.10	0.10
Adjusted core net (loss)/profit per share (RMB)	-0.15	0.03
Basic loss per share (RMB)	-0.19	-0.45

Liquidity

The current ratio and quick ratio were 16.61 and 14.70 respectively. The liquidity of the Group remained healthy with sufficient reserves for both current operational and future development.

Profitability

The asset turnover of the Group was approximately 0.10 (six months ended 31 December 2013: 0.10) for the six months ended 31 December 2014.

The basic loss per share for the six months ended 31 December 2014 was approximately RMB0.19 (six months ended 31 December 2013: basic loss per share of RMB0.45).

The adjusted core net loss per share for the six months ended 31 December 2014 was approximately RMB0.15 (six months ended 31 December 2013: adjusted core net profit per share of RMB0.03), representing a decrease approximately 600.0%.

Debt ratio

The net cash position of the Group was approximately RMB1,528.2 million and RMB1,804.7 million at 31 December 2014 and 30 June 2014 respectively

Internal cash resource

The Group's funding resource is internal cash and cash equivalents. The Group did not have any outstanding borrowings as at 31 December 2014.

Charge on assets and contingent liabilities

Except for certain farmland infrastructure and machinery of approximately RMB775,000, none of the Group's assets were pledged as security and the Group did not have any material contingent liabilities as at 31 December 2014.

Capital Commitments

As at 31 December 2014, the Group had capital commitments of approximately RMB13.2 million, mainly in relation to the acquisition of plant and machinery in BPG.

Foreign exchange risk

The Group is exposed to currency risk, primarily through its cash and cash equivalents that are denominated in a currency other than the functional currency of the operation to which they related. The currencies giving rise to this risk are primarily Hong Kong dollars, United States dollars and British pounds.

The Group has limited transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation is minimal. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. Management manages its currency risk by closely monitoring the movement of the foreign currency rate.

PLANTATIONS

The Group has three orange plantations in the PRC occupying approximately 155,000 mu (equivalent to approximately 103.3 sq.km.) of land in total, with approximately 46,000 mu (equivalent to approximately 30.7 sq.km.) located in the Hepu County of the Guangxi Zhuang Autonomous Region, Hepu Plantation, approximately 56,000 mu (equivalent to approximately 37.3 sq.km.) in the Xinfeng County of the Jiangxi province, Xinfeng Plantation, and approximately 53,000 mu (equivalent to approximately 35.3 sq.km.) in the Dao County of the Hunan province, Hunan Plantation.

Hepu Plantation

Hepu Plantation is fully planted and comprises of approximately 1.2 million orange trees. A total of 221,769 banana trees were naturally re-seeded from the original banana trees in August 2014, following clearance of the damage caused by Typhoon Rammasun. The first harvest of banana trees is expected in September 2015.

Xinfeng Plantation

Xinfeng Plantation is fully planted and comprises 1.6 million winter orange trees.

Hunan Plantation

Hunan Plantation is fully planted and comprises approximately 1.05 million summer orange trees and approximately 750,320 grapefruit trees as at 31 December 2014. The first harvest of oranges trees is expected in 2016.

The below tables set out the age profile as at 31 December 2014 and the production yield of the plantations for the six months ended 31 December 2014:

Summer orange trees

Age	Hepu Plantation	Hepu Plantation	Hunan Plantation	Hunan Plantation	Total	Total
	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)
3	66,449	—	622,475	—	688,924	—
4	63,584	—	427,400	—	490,984	—
5	64,194	—	—	—	64,194	—
6	81,261	—	—	—	81,261	—
7	76,135	—	—	—	76,135	—
8	55,185	—	—	—	55,185	—
18	29,996	—	—	—	29,996	—
19	128,966	—	—	—	128,966	—
20	186,003	—	—	—	186,003	—
21	223,741	—	—	—	223,741	—
	<u>975,514</u>	<u>—</u>	<u>1,049,875</u>	<u>—</u>	<u>2,025,389</u>	<u>—</u>

Grapefruit trees

Age	Hepu Plantation	Hepu Plantation	Hunan Plantation	Hunan Plantation	Total	Total
	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)
0	—	—	26,960	—	26,960	—
1	—	—	422,160	—	422,160	—
2	—	—	301,200	—	301,200	—
	<u>—</u>	<u>—</u>	<u>750,320</u>	<u>—</u>	<u>750,320</u>	<u>—</u>

Note: Grapefruit is a type of citrus fruit and is harvested during the winter period in the PRC.

Banana trees

Age	Hepu Plantation	Hepu Plantation	Hunan Plantation	Hunan Plantation	Total	Total
	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)
0	221,769	—	—	—	221,769	—
	<u>221,769</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>221,769</u>	<u>—</u>

Note: The first harvest of banana trees is expected in September 2015.

Winter orange trees

Age	Hepu Plantation	Hepu Plantation	Xinfeng Plantation	Xinfeng Plantation	Total	Total
	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)
8	—	—	400,000	25,525	400,000	25,525
9	—	—	400,000	25,571	400,000	25,571
10	46,077	1,680	400,000	25,308	446,077	26,988
12	180,180	4,383	400,000	27,443	580,180	31,826
13	42,300	1,083	—	—	42,300	1,083
	<u>268,557</u>	<u>7,146</u>	<u>1,600,000</u>	<u>103,847</u>	<u>1,868,557</u>	<u>110,993</u>
Total					<u>4,866,035</u>	<u>110,993</u>

The below tables set out the age profile as at 31 December 2013 and the production volume of the plantations for the six months ended 31 December 2013:

Summer orange trees

Age	Hepu Plantation	Hepu Plantation	Hunan Plantation	Hunan Plantation	Total	Total
	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)
2	66,449	—	622,475	—	688,924	—
3	63,584	—	427,400	—	490,984	—
4	64,194	—	—	—	64,194	—
5	81,261	—	—	—	81,261	—
6	76,135	—	—	—	76,135	—
7	55,185	—	—	—	55,185	—
17	29,996	—	—	—	29,996	—
18	128,966	—	—	—	128,966	—
19	186,003	—	—	—	186,003	—
20	223,741	—	—	—	223,741	—
	<u>975,514</u>	<u>—</u>	<u>1,049,875</u>	<u>—</u>	<u>2,025,389</u>	<u>—</u>

Grapefruit trees

Age	Hepu Plantation	Hepu Plantation	Hunan Plantation	Hunan Plantation	Total	Total
	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)
0	—	—	201,360	—	201,360	—
1	—	—	301,200	—	301,200	—
	<u>—</u>	<u>—</u>	<u>502,560</u>	<u>—</u>	<u>502,560</u>	<u>—</u>

Note: Grapefruit is a type of citrus fruit and is harvested during the winter period in the PRC.

Banana trees

Age	Hepu Plantation	Hepu Plantation	Hunan Plantation	Hunan Plantation	Total	Total
	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)
0	221,769	—	—	—	221,769	—
	<u>221,769</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>221,769</u>	<u>—</u>

Winter orange trees

Age	Hepu Plantation	Hepu Plantation	Xinfeng Plantation	Xinfeng Plantation	Total	Total
	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)	No. of trees	Yield (tonnes)
7	—	—	400,000	27,757	400,000	27,757
8	—	—	400,000	27,503	400,000	27,503
9	46,077	4,061	400,000	29,644	446,077	33,705
11	180,180	16,462	400,000	38,324	580,180	54,786
12	42,300	4,176	—	—	42,300	4,176
	<u>268,557</u>	<u>24,699</u>	<u>1,600,000</u>	<u>123,228</u>	<u>1,868,557</u>	<u>147,927</u>
Total					<u>4,618,275</u>	<u>147,927</u>

VALUATION OF BIOLOGICAL ASSETS

The Group engaged an independent valuer to perform a valuation of the fair value of the orange trees less costs to sell as at 31 December 2014.

The valuations of the Group's orange trees were conducted on the basis of discounted cash flow. The discount rate being applied to the discounted cash flow model is based on Capital Asset Pricing Model. The independent valuer began with the appraised value of the Group's orange trees by discounting the future income streams attributable to the Group's orange trees to arrive at a present value and then deducted the value of machinery and equipment and other assets (including plantation related machinery and equipment and land improvements) from the appraised value which are employed in the operation of the Group's plantations to arrive at a fair value of the biological assets.

Major assumptions

The discounted cash flow method adopted a number of key assumptions, which include the discount rate, market prices of oranges, production yield per tree, related production costs, etc. The values of such variables are determined by the independent valuer using information supplied by the Group, as well as proprietary and third-party data, as follows:

- 1) The discount rate applied for the six months ended 31 December 2014 was 18.0% (31 December 2013: 18.0%). The discount rate reflected the expected market return on the asset and can be affected by the interest rate, market sentiments and risk of the asset versus the general market risk.
- 2) The yield per tree variables represent the harvest level of the orange trees. The yield of orange trees is affected by the age, species and health of the orange trees, the climate, location, soil conditions, topography and infrastructure. In general, yield per tree increases from age 3 to 15, remains stable for about 10 years, and then starts to decline from age 25 to 35.
- 3) The market prices variables represent the assumed market price for the summer oranges and winter oranges produced by the Group. The independent valuer adopted the market sales prices prevailing as at the relevant reporting date for each type of orange produced by the Group as the sales price estimate. For the six months ended 31 December 2014, the wholesale prices per tonne of winter and summer oranges from Hepu Plantation and winter oranges from Xinfeng Plantation adopted were RMB2,310, RMB5,150 and RMB3,180, respectively; the supermarket selling prices per tonne of winter and summer oranges from Hepu Plantation and winter oranges from Xinfeng Plantation adopted were RMB5,320, RMB7,030 and RMB5,320, respectively. For the six months ended 31 December 2013, the selling prices per tonne of winter and summer oranges from Hepu Plantation and winter oranges from Xinfeng Plantation adopted were RMB3,270, RMB5,210 and RMB3,110, respectively.
- 4) The direct production cost variables represent the direct costs necessary to bring the oranges to their sales form, which mainly include raw material costs and direct labour costs. The direct production cost variables are determined by reference to actual costs incurred for areas that have been previously harvested, and have taken into account the projected long-term inflation rate of 3.0% per annum.

Sensitivity analysis

- 1) Changes in the discount rate applied result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's change in fair value of orange trees less costs to sell to an increase or decrease of 1.0% in the discount rate of 18.0% applied by the independent valuer for the six months ended 31 December 2014:

	1.0% Decrease	Base Case	1.0% Increase
Discount rate	17.0%	18.0%	19.0%
Change in fair value of biological assets (RMB'000)	110,000	(40,000)	(170,000)

- 2) Changes in the yield per orange tree can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the yield per tree applied for the six months ended 31 December 2014:

	5.0% Decrease	Base Case	5.0% Increase
Change in fair value of biological assets (RMB'000)	(180,000)	(40,000)	100,000

- 3) Changes in assumed market prices of the oranges can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the assumed market prices of oranges as at 31 December 2014 used to calculate the changes in fair value of orange trees less costs to sell for the six months ended 31 December 2014:

	5.0% Decrease	Base Case	5.0% Increase
Change in fair value of biological assets (RMB'000)	(270,000)	(40,000)	200,000

- 4) Changes in the assumed cost of sales can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the Group's assumed cost of sales used to calculate the changes in fair value of orange trees less costs to sell for the year ended 31 December 2014:

	5.0% Decrease	Base Case	5.0% Increase
Change in fair value of biological assets (RMB'000)	70,000	(40,000)	(150,000)

The above sensitivity analyses are intended for illustrative purposes only, and any variation could exceed the amounts shown above.

Valuation

According to the valuation report of the independent valuer, the aggregate value of the orange trees in Hepu Plantation and Xinfeng Plantation as at 31 December 2014 was estimated to be approximately RMB1,040 million (30 June 2014: RMB1,080 million).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2014

		Six months ended 31 December		Year ended 30 June
		2014 (unaudited) RMB'000	2013 (unaudited) RMB'000	2014 (audited) RMB'000
	Note			
Turnover	5	584,397	748,333	1,271,171
Cost of sales		<u>(717,317)</u>	<u>(649,578)</u>	<u>(1,137,241)</u>
Gross (loss)/profit		(132,920)	98,755	133,930
Other income	6	17,601	21,862	37,604
Change in fair value of biological assets		(40,000)	(583,000)	(923,857)
Selling and distribution expenses		(19,717)	(21,777)	(45,339)
General and administrative expenses		(59,771)	(59,463)	(143,481)
Other operating expenses	7	<u>(488)</u>	<u>-</u>	<u>(895,159)</u>
Loss from operations		(235,295)	(543,623)	(1,836,302)
Finance costs	8(a)	<u>(33)</u>	<u>(91)</u>	<u>(144)</u>
Loss before income tax	8	(235,328)	(543,714)	(1,836,446)
Income tax expense	9	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period/year		<u>(235,328)</u>	<u>(543,714)</u>	<u>(1,836,446)</u>
Attributable to				
Equity shareholders of the Company		(236,413)	(547,971)	(1,839,179)
Non-controlling interests		<u>1,085</u>	<u>4,257</u>	<u>2,733</u>
		<u>(235,328)</u>	<u>(543,714)</u>	<u>(1,836,446)</u>
		RMB	RMB	RMB
Loss per share	10			
- Basic		<u>(0.189)</u>	<u>(0.445)</u>	<u>(1.483)</u>
- Diluted		<u>(0.189)</u>	<u>(0.445)</u>	<u>(1.483)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2014

	Six months ended 31 December		Year ended 30 June
	2014	2013	2014
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Loss for the period/year	(235,328)	(543,714)	(1,836,446)
Other comprehensive loss for the period/year			
Item that may be reclassified subsequently to profit or loss:			
- Exchange differences on translation of financial statements of foreign operations, net of nil tax	<u>(4)</u>	<u>(4)</u>	<u>(7)</u>
Total comprehensive loss for the period/year	<u>(235,332)</u>	<u>(543,718)</u>	<u>(1,836,453)</u>
Attributable to			
Equity shareholders of the Company	(236,417)	(547,975)	(1,839,186)
Non-controlling interests	<u>1,085</u>	<u>4,257</u>	<u>2,733</u>
	<u>(235,332)</u>	<u>(543,718)</u>	<u>(1,836,453)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

		31 December 2014 (unaudited) <i>RMB'000</i>	2013 (unaudited) <i>RMB'000</i>	30 June 2014 (audited) <i>RMB'000</i>
ASSETS	Note			
Non-current assets				
Property, plant and equipment		2,294,497	2,346,121	2,305,246
Land use rights		75,401	76,955	76,178
Construction-in-progress		43,610	62,795	76,039
Biological assets		1,527,411	1,654,779	1,406,801
Intangible assets		48,341	59,089	53,715
Deposits		7,302	2,393	1,443
Goodwill		303,883	1,157,261	303,883
		<u>4,300,445</u>	<u>5,359,393</u>	<u>4,223,305</u>
Current assets				
Biological assets		152,623	73,906	214,971
Properties for sale		-	5,830	-
Inventories		70,004	55,001	57,387
Trade and other receivables	12	186,730	130,062	155,172
Cash and cash equivalents		1,528,208	2,108,021	1,804,742
		<u>1,937,565</u>	<u>2,372,820</u>	<u>2,232,272</u>
Total assets		<u>6,238,010</u>	<u>7,732,213</u>	<u>6,455,577</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		12,340	12,340	12,340
Reserves		5,992,119	7,512,259	6,225,165
Total equity attributable to equity shareholders of the Company		6,004,459	7,524,599	6,237,505
Non-controlling interests		<u>116,238</u>	<u>116,677</u>	<u>115,153</u>
		<u>6,120,697</u>	<u>7,641,276</u>	<u>6,352,658</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2014

		31 December 2014 (unaudited) RMB'000	2013 (unaudited) RMB'000	30 June 2014 (audited) RMB'000
	Note			
Non-current liabilities				
Obligations under finance leases		<u>657</u>	<u>775</u>	<u>719</u>
Current liabilities				
Trade and other payables	13	116,538	90,053	102,087
Obligations under finance leases		<u>118</u>	<u>109</u>	<u>113</u>
		<u>116,656</u>	<u>90,162</u>	<u>102,200</u>
Total liabilities		<u>117,313</u>	<u>90,937</u>	<u>102,919</u>
Total equity and liabilities		<u>6,238,010</u>	<u>7,732,213</u>	<u>6,455,577</u>
Net current assets		<u>1,820,909</u>	<u>2,282,658</u>	<u>2,130,072</u>
Total assets less current liabilities		<u>6,121,354</u>	<u>7,642,051</u>	<u>6,353,377</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2014

		Six months ended		Year ended
		31 December		30 June
		2014	2013	2014
		(unaudited)	(unaudited)	(audited)
Note		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
	Loss before income tax	(235,328)	(543,714)	(1,836,446)
	Adjustments for:			
	Interest income	6	(17,552)	(20,416)
	Impairment of goodwill		-	853,378
	Impairment of property, plant and equipment		-	15,690
	Impairment of biological assets		-	11,802
	Impairment of properties for sale		-	5,830
	Finance costs	8(a)	33	91
	Share-based payments	8(b)	3,371	6,014
	Amortisation of land use rights	8(c)	777	744
	Amortisation of intangible assets	8(c)	5,374	5,374
	Depreciation of property, plant and equipment	8(c)	98,955	84,383
	Written off of inventories	8(c)	595	-
	Loss on disposal of property, plant and equipment	8(c)	1,245	2,251
	Change in fair value of biological assets		40,000	583,000
				923,857
Operating (loss)/profit before working capital changes		(102,530)	117,727	176,947
Movements in working capital elements:				
	Biological assets		62,348	138,192
	Inventories		(13,212)	(14,724)
	Trade and other receivables		(31,558)	(61,747)
	Trade and other payables		14,447	(14,341)
Net cash (used in)/generated from operating activities		(70,505)	165,107	33,418
Cash flows from investing activities				
	Net additions to biological assets	(160,610)	(69,278)	(162,157)
	Additions to construction-in-progress	(31,501)	(114,410)	(200,888)
	Purchase of property, plant and equipment	(24,078)	(4,813)	(18,967)
	Deposits paid for acquisition of property, plant and equipment	(7,302)	(2,393)	(1,443)
	Interest received	17,552	20,416	35,855
	Purchase of land use right	-	(4,998)	(4,998)
	Proceeds from disposal of property, plant and equipment	-	1,797	7,434
Net cash used in investing activities		(205,939)	(173,679)	(345,164)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)*For the six months ended 31 December 2014*

	Six months ended		Year ended
	31 December		30 June
	2014	2013	2014
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Cash flows from financing activities			
Repayments of obligations under finance leases	(57)	(53)	(105)
Finance costs paid	(33)	(91)	(144)
Dividends paid	-	(38,849)	(38,849)
Proceeds from issue of new shares upon exercises of share options	-	14,362	14,362
Net cash used in financing activities	(90)	(24,631)	(24,736)
Net decrease in cash and cash equivalents	(276,534)	(33,203)	(336,482)
Cash and cash equivalents at beginning of period/year	1,804,742	2,141,224	2,141,224
Cash and cash equivalents at end of period/year	1,528,208	2,108,021	1,804,742

Major non-cash transactions

During the six months ended 31 December 2014, purchases of property, plant and equipment included an amount of RMB1,443,000 (six months ended 31 December 2013: RMB84,303,000, year ended 30 June 2014: RMB84,303,000) transferred from non-current deposits.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in Bermuda on 4 June 2003 as an exempted company with limited liability under the Companies Act of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKEx”) and AIM of the London Stock Exchange.

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The principal place of business of the Company is located at Rooms 1109-1111, Wayson Commercial Building, 28 Connaught Road West, Hong Kong.

The principal activities of the Group are planting, cultivation and sale of agricultural produce, manufacture and sale of fruit juice concentrates, fruit purees, frozen fruit and vegetables.

2 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim financial reporting, issued by the International Accounting Standards Board (“IASB”), the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKEx and the AIM Rules issued by the London Stock Exchange. The interim financial information is presented in Renminbi (“RMB”), rounded to the nearest thousand, unless otherwise stated.

The interim financial information has been prepared under the historical cost convention, except that certain biological assets are carried at their fair values. The principal accounting policies adopted in the preparation of this interim financial information are consistent with those followed in the Group’s annual financial statements for the year ended 30 June 2014, except for the accounting policy changes that are expected to be reflected in the Group’s annual financial statements for the year ending 30 June 2015. Details of the applications of new and revised IFRSs are set out in note 3.

The preparation of interim financial information in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial information is unaudited, but has been reviewed by the Company’s Audit Committee. This interim financial information has also been reviewed by the Company’s auditor in accordance with International Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity.

3 APPLICATIONS OF NEW AND REVISED IFRSs

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

Improvements to IFRSs	Annual improvements to IFRSs 2010-2012 cycle
Improvements to IFRSs	Annual improvements to IFRSs 2011-2013 cycle
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities
Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Recoverable amount disclosure for non-financial assets
IFRIC 21	Levies

The above amendments to IFRSs have had no material impact on the Group's results of operations and financial position.

Up to the date of issue of this interim financial information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 30 June 2015 and which have not been adopted in the interim financial information. Of these developments, the following relates to matters that may be relevant to the Group's operations and financial statements:

Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures ³
Amendments to IAS 16 and IAS 38	The Classification of acceptable methods of depreciation and amortisation ¹
Amendments to IAS 16 and IAS 41	Bringing bearer plants into the scope of IAS16 ¹
IFRS 9	Financial instruments ³
IFRS 15	Revenue from contracts with customers ²

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2017.

³ Effective for annual periods beginning on or after 1 January 2018.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application, but is not yet in a position to state whether these amendments and new standards will have a significant impact on the Group's financial statements.

4 SEGMENT INFORMATION

The Group manages its businesses by lines of business. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has two reportable segments. The segments are managed separately as each business offers different products and required different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Agricultural produce - planting, cultivation and sale of agricultural produce
- Processed fruit - manufacture and sale of fruit juice concentrates, fruit purees, frozen fruit and vegetables

The directors assess the performance of the operating segments based on a measure of reportable segment results. This measurement basis excludes the central other income, expenses and finance costs.

Segment assets mainly exclude goodwill, certain property, plant and equipment, land use rights and other assets that are managed on a central basis. Segment liabilities mainly exclude liabilities that are managed on a central basis.

4 SEGMENT INFORMATION *(continued)*

Segment results, assets and liabilities

Six months ended 31 December 2014:

	Agricultural produce (unaudited) <i>RMB'000</i>	Processed fruit (unaudited) <i>RMB'000</i>	Total (unaudited) <i>RMB'000</i>
RESULTS			
Reportable segment revenue and revenue from external customers	<u>340,999</u>	<u>243,398</u>	<u>584,397</u>
Reportable segment results	<u>(227,204)</u>	<u>4,531</u>	<u>(222,673)</u>
Unallocated corporate expenses			(13,908)
Unallocated corporate other income			<u>1,253</u>
Loss before income tax			(235,328)
Income tax expense			<u>-</u>
Loss for the period			<u>(235,328)</u>
ASSETS			
Segment assets	4,090,087	1,695,885	5,785,972
Unallocated corporate assets			<u>452,038</u>
Total assets			<u><u>6,238,010</u></u>
LIABILITIES			
Segment liabilities	(99,556)	(13,276)	(112,832)
Unallocated corporate liabilities			<u>(4,481)</u>
Total liabilities			<u><u>(117,313)</u></u>
OTHER INFORMATION			
Additions to segment non-current assets	<u>33,313</u>	<u>30,994</u>	<u>64,307</u>

4 SEGMENT INFORMATION *(continued)*

Segment results, assets and liabilities *(continued)*

Six months ended 31 December 2013:

	Agricultural produce (unaudited) RMB'000	Processed fruit (unaudited) RMB'000	Total (unaudited) RMB'000
RESULTS			
Reportable segment revenue and revenue from external customers	<u>468,907</u>	<u>279,426</u>	<u>748,333</u>
Reportable segment results	<u>(576,032)</u>	<u>47,771</u>	(528,261)
Unallocated corporate expenses			(17,057)
Unallocated corporate other income			<u>1,604</u>
Loss before income tax			(543,714)
Income tax expense			<u>-</u>
Loss for the period			<u>(543,714)</u>
ASSETS			
Segment assets	4,654,751	1,746,155	6,400,906
Unallocated corporate assets			<u>1,331,307</u>
Total assets			<u><u>7,732,213</u></u>
LIABILITIES			
Segment liabilities	(53,208)	(33,200)	(86,408)
Unallocated corporate liabilities			<u>(4,529)</u>
Total liabilities			<u><u>(90,937)</u></u>
OTHER INFORMATION			
Additions to segment non-current assets	<u>77,941</u>	<u>135,856</u>	<u>213,797</u>

4 SEGMENT INFORMATION *(continued)*

Segment results, assets and liabilities *(continued)*

Year ended 30 June 2014:

	Agricultural produce (audited) <i>RMB'000</i>	Processed fruit (audited) <i>RMB'000</i>	Total (audited) <i>RMB'000</i>
RESULTS			
Reportable segment revenue and revenue from external customers	<u>733,699</u>	<u>537,472</u>	<u>1,271,171</u>
Reportable segment results	<u>(960,043)</u>	<u>12,900</u>	<u>(947,143)</u>
Unallocated corporate expenses			(892,115)
Unallocated corporate other income			<u>2,812</u>
Loss before income tax			(1,836,446)
Income tax expense			<u>-</u>
Loss for the year			<u><u>(1,836,446)</u></u>
ASSETS			
Segment assets	4,294,283	1,700,650	5,994,933
Unallocated corporate assets			<u>460,644</u>
Total assets			<u><u>6,455,577</u></u>
LIABILITIES			
Segment liabilities	(75,748)	(22,566)	(98,314)
Unallocated corporate liabilities			<u>(4,605)</u>
Total liabilities			<u><u>(102,919)</u></u>
OTHER INFORMATION			
Additions to segment non-current assets	<u>159,390</u>	<u>149,493</u>	<u>308,883</u>

5 TURNOVER

Turnover represented the total invoiced value of goods supplied to customers. The amount of each significant category of revenue recognised as turnover is as follows:

	Six months ended 31 December		Year ended 30 June
	2014	2013	2014
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Sales of oranges	340,999	468,907	732,807
Sales of self-bred saplings	-	-	892
Sales of processed fruit	243,398	279,426	537,472
	<u>584,397</u>	<u>748,333</u>	<u>1,271,171</u>

6 OTHER INCOME

	Six months ended 31 December		Year ended 30 June
	2014	2013	2014
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Interest income	17,552	20,416	35,855
Government grants	30	1,414	1,744
Sundry income	19	32	5
	<u>17,601</u>	<u>21,862</u>	<u>37,604</u>

7 OTHER OPERATING EXPENSES

	Six months ended 31 December		Year ended 30 June
	2014	2013	2014
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Impairment of goodwill	-	-	853,378
Written off of inventories [#]	488	-	8,459
Impairment of property, plant and equipment [#]	-	-	15,690
Impairment of biological assets [#]	-	-	11,802
Impairment of properties for sale	-	-	5,830
	<u>488</u>	<u>-</u>	<u>895,159</u>

[#] These expenses resulted from the wide spread damage caused by Typhoon Rammasun in July 2014.

8 LOSS BEFORE INCOME TAX

Loss before income tax is stated after charging/(crediting) the following:

	Six months ended 31 December 2014 (unaudited) RMB'000	2013 (unaudited) RMB'000	Year ended 30 June 2014 (audited) RMB'000
(a) Finance costs			
Bank charges	-	54	69
Finance charges on obligations under finance leases	<u>33</u>	<u>37</u>	<u>75</u>
	<u>33</u>	<u>91</u>	<u>144</u>
(b) Staff costs (including directors' emoluments)			
- salaries, wages and other benefits	80,402	79,437	135,369
- share-based payments	3,371	6,014	10,131
- contributions to defined contribution retirement plans	<u>1,848</u>	<u>1,178</u>	<u>3,322</u>
	<u>85,621</u>	<u>86,629</u>	<u>148,822</u>
(c) Other items			
Amortisation of land use rights	777	744	1,521
Amortisation of intangible assets	5,374	5,374	10,748
Auditor's remuneration	1,113	1,397	2,522
Cost of agricultural produce sold [#]	504,347	434,167	678,839
Cost of inventories of processed fruit recognised as expenses ^{##}	212,970	215,411	458,402
Depreciation of property, plant and equipment	98,955	84,383	181,378
Add: Realisation of depreciation previously capitalised as biological assets	26,745	25,022	25,346
Less: Amount capitalised as biological assets	(31,575)	(22,425)	(54,974)
	94,125	86,980	151,750
Exchange gain, net	(1,202)	(67)	(14)
Operating lease expenses			
- plantation bases	5,420	6,394	9,163
- properties	540	580	1,184
Research and development costs	2,441	6,631	13,556
Written off of inventories ^{###}	595	-	22,577
Loss on disposals of property, plant and equipment	<u>1,245</u>	<u>2,251</u>	<u>12,192</u>

8 LOSS BEFORE INCOME TAX *(continued)*

- # Cost of agricultural produce sold includes RMB108,490,000 (six months ended 31 December 2013: RMB104,989,000, year ended 30 June 2014: RMB151,422,000) relating to staff costs, depreciation and operating lease expenses, which amount was also included in the respective total amount disclosed separately above for each of these types of expenses.
- ## Cost of inventories of processed fruit recognised as expenses includes RMB45,147,000 (six months ended 31 December 2013: RMB45,105,000, year ended 30 June 2014: RMB94,190,000) relating to staff costs, amortisation of land use rights, amortisation of intangible assets and depreciation, which amount was also included in the respective total amount disclosed separately above for each of these types of expenses.
- ### The written off of inventories for the period of RMB107,000 (six months ended 31 December 2013: RMBNil, year ended 30 June 2014: RMB14,118,000) and RMB488,000 (six months ended 31 December 2013: RMBNil, year ended 30 June 2014: RMB8,459,000) was included in general and administrative expenses and other operating expenses, respectively, in the condensed consolidated statement of profit and loss.

9 INCOME TAX EXPENSE

On the basis stated below, no income tax has been provided by the Group:

- (a) Pursuant to the rules and regulations of Bermuda, Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the respective tax jurisdictions.
- (b) No Hong Kong profits tax has been provided as the Group did not have assessable profits arising in or derived from Hong Kong.
- (c) No PRC enterprise income tax has been provided as the Group did not have assessable profit in the PRC during the period. The provision for PRC enterprise income tax is based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax laws, rules and regulations of the PRC.

According to the PRC tax law, its rules and regulations, enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption on profits derived from such business. Certain operating subsidiaries of the Group in the PRC engaged in qualifying agricultural business are entitled to full exemption of enterprise income tax.

The applicable enterprise income tax rate of the Group's other operating subsidiaries in the PRC is 25%.

9 INCOME TAX EXPENSE (Continued)

(d) PRC withholding income tax

Under the PRC tax law, profits of the Group's subsidiaries in the PRC derived since 1 January 2008 is subject to withholding income tax at rates of 5% or 10% upon the distribution of such profits to foreign investors or companies incorporated in Hong Kong, or for other foreign investors, respectively. Pursuant to the grandfathering arrangements of the PRC tax law, dividends receivable by the Group from its PRC subsidiaries in respect of the undistributed profits derived prior to 31 December 2007 are exempt from the withholding income tax. At 31 December 2014, no deferred tax liabilities have been recognised in respect of the tax that would be payable on the unremitted profits of the PRC subsidiaries derived since 1 January 2008 as the Company is in a position to control the dividend policies of the PRC subsidiaries and no distribution of such profits is expected to be declared from the PRC subsidiaries in the foreseeable future.

10 LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	Six months ended 31 December		Year ended 30 June
	2014	2013	2013
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Loss			
Loss attributable to equity shareholders of the Company used in basic and diluted loss per share calculation	<u>(236,413)</u>	<u>(547,971)</u>	<u>(1,839,179)</u>
Weighted average number of shares	'000	'000	'000
Issued ordinary shares at beginning of period/year	1,249,638	1,229,559	1,229,559
Effect of shares issued to shareholders participating in the scrip dividend	-	-	5,238
Effect of shares issued upon exercises of share options	<u>-</u>	<u>1,293</u>	<u>5,371</u>
Weighted average number of ordinary shares used in basic loss per share calculation	1,249,638	1,230,852	1,240,168
Effect of dilutive potential shares in respect of share options (Note)	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares used in diluted loss per share calculation	<u>1,249,638</u>	<u>1,230,852</u>	<u>1,240,168</u>

Note:

The potential ordinary shares arising from the conversion of share options had an anti-dilutive effect on the basic loss per share hence they were ignored in the calculation of diluted loss per share.

11 DIVIDENDS

The directors do not declare the payment of any interim dividend in respect of the six-month period ended 31 December 2014 and 2013.

12 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables with the ageing analysis of trade receivables based on invoice date is as follows:

	31 December 2014 (unaudited) RMB'000	2013 (unaudited) RMB'000	30 June 2014 (audited) RMB'000
Less than 1 month	68,243	72,248	42,302
1 to 3 months	33,970	14,496	11,366
3 to 6 months	7	-	-
6 to 12 months	-	-	-
Over 1 year	49	49	49
	<u>102,269</u>	<u>86,793</u>	<u>53,717</u>

Trade receivables from sales of goods are normally due for settlement within 30 to 90 days from the date of billing, while that from the sale of property units are due for settlement in accordance with the terms of the related sale and purchase agreements.

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	31 December 2014 (unaudited) RMB'000	2013 (unaudited) RMB'000	30 June 2014 (audited) RMB'000
Neither past due nor impaired	73,067	72,519	53,253
Less than 1 month past due	22,414	12,516	-
1 to 3 months past due	6,762	1,732	438
3 to 6 months past due	-	-	-
6 to 12 months past due	-	-	-
Over 1 year past due	26	26	26
Amounts past due but not impaired	29,202	14,274	464
	<u>102,269</u>	<u>86,793</u>	<u>53,717</u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

12 TRADE AND OTHER RECEIVABLES *(Continued)*

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

13 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the ageing analysis of trade payables by invoice date is as follows:

	31 December		30 June
	2014	2013	2014
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Less than 3 months	68,410	24,050	62,783
3 to 6 months	260	89	46
6 to 12 months	658	111	516
Over 1 year	9	294	3
	69,337	24,544	63,348

14 FINANCIAL INFORMATION

The results announcement was approved by the Board on 26 February 2015. The interim financial information has been prepared on a going concern basis in accordance with IAS 34, Interim financial reporting. The accounting policies applied in preparing the interim financial information are consistent with those adopted and disclosed in the Group's consolidated financial statements for the year ended 30 June 2014.

OTHER INFORMATION

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2014 (six months ended 31 December 2013: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities during the six months ended 31 December 2014.

CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2014, the Directors, where practicable, for an organisation of the Group's size and nature sought to adopt two corporate governance codes set out below:

1. The UK Corporate Governance Code which is the key source of corporate governance recommendations for listed companies in the United Kingdom and consists of principles of good governance. It consists of principles of good governance covering the following areas: (i) Leadership; (ii) Effectiveness; (iii) Accountability; (iv) Remuneration; and (v) Relations with shareholders; and
2. the Corporate Governance Code (the "Code") contained in the amended Appendix 14 to the Rules Governing the Listing of Securities on the HKEx (the "Hong Kong Listing Rules"), which took effect on 1 April 2012.

The Company has complied with all the code provisions as set out in the Code during the six months ended 31 December 2014 except the deviations set out below:

Code Provision A.5.1

The Company does not have a nomination committee. The Directors do not consider that, given the size of the Group and the stage of its development, it is necessary to have a nomination committee. However, this will be kept under regular review by the Board. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure, size and composition. If the Board considers that it is necessary to appoint new Director(s), it will set down the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in case of Independent Non-executive Directors ("INEDs"), the independence requirements set out in the Hong Kong Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Executive Directors and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code for Directors' dealings appropriate for a company whose shares are admitted to trading on AIM of the London Stock Exchange and takes all reasonable steps to ensure compliance by the Directors and any relevant employees. The Company also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct for dealings in the securities. Following a specific enquiry made of all Directors by the Company, each of them has confirmed that he had fully complied with the required standard as set out in the Model Code throughout the six months ended 31 December 2014.

CHANGES IN DIRECTORSHIP

Changes in directorship during the six months ended 31 December 2014 are as follows:

Mr. Ng Cheuk Lun, the Company Secretary, Chief Financial Officer and an Authorised Representative of the Company, was appointed as an Executive Director of the Company with effect from 24 November 2014.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board (the "Audit Committee") comprises three INEDs. Mr. Ng Hoi Yue acts as Chairman of the committee with Mr. Yang Zhen Han and Mr. Chung Koon Yan acting as members. The establishment of Audit Committee is in compliance with Rule 3.21 of the Hong Kong Listing Rules.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including the review of the Company's unaudited consolidated financial statements and the interim report for the six months ended 31 December 2014.

PUBLICATION OF INTERIM REPORT

The interim report will be published on the respective websites of the Company (www.asian-citrus.com) under the investor relations section and the HKEx (www.hkex.com.hk).

By Order of the Board
Asian Citrus Holdings Limited
Ng Hoi Yue
Non-executive Chairman

Hong Kong, 26 February 2015

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. Ng Ong Nee (Chief Executive Officer), Mr. Tong Hung Wai, Tommy (Vice Chairman), Mr. Cheung Wai Sun, Mr. Pang Yi and Mr. Ng Cheuk Lun (Chief Financial Officer and Company Secretary) and five Independent Non-executive Directors, namely Dr. Lui Ming Wah, SBS JP, Mr. Yang Zhen Han, Mr. Ng Hoi Yue (Non-executive Chairman), Mr. Chung Koon Yan and Mr. Ho Wai Leung.