ASIAN CITRUS HOLDINGS LIMITED
亞洲果業控股有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: HKSE: 73)

INTERIM REPORT
2017/18

* For identification purposes only

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FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

	For the six months ended 31 December		
	2017	2016	% change
	(RMB Million)	*(RMB Million)*	
Reported financial information			
Revenue	**–**	–	–
Gross profit	**–**	–	–
Other income	**3.2**	0.7	357.1
EBITDA	**-190.6**	-16.1	1,083.9
Loss before tax	**-195.3**	-16.7	1,069.5
Loss attributable to shareholders	**-195.3**	-16.7	1,069.5
Basic loss per share (RMB)	**-0.156**	-0.013	1,100.0

FINANCIAL POSITION

	31 December 2017	30 June 2017
	(RMB Million)	*(RMB Million)*
Total assets	**166.5**	27.6
Net current liabilities	**-518.1**	-219.8
Cash and cash equivalents	**24.8**	16.5
Shareholders' fund	**-415.1**	-214.0
Current ratio (x)	**0.11**	0.09

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I wish to report the Group's latest development and the interim results of the Group for the six months ended 31 December 2017.

BUSINESS REVIEW

Despite the crisis of deconsolidation of certain subsidiaries in the People's Republic of China (the "**PRC**"), the delay in publication of financial results of the Group and the disputes from a minority shareholder of a deconsolidated subsidiary in the PRC arose in the past financial years of 2016 and 2017, the Directors and the senior management of the Company, with their persistence and diligent effort, have overcome a huge crisis and hurdle. In addition to the completion of the acquisition of the agriculture company, Guangxi Hepu Guanhua Agriculture Co., Ltd.* (廣西合浦冠華農業有限公司) (the "**Agriculture Company**") on 18 September 2017, the Company regained the legal control and then the physical control of Lucky Team Biotech Development (Hepu) Limited*(利添生物科技發展（合浦）有限公司) ("**Lucky Team Hepu**") successfully on 28 September 2017. Lucky Team Hepu is the main plantation operation of the Group which is represented by the Hepu Plantation in Guangxi, the PRC.

After the regain of control of Lucky Team Hepu, the performance of our plantation operation was consolidated back to the Group with effect from 28 September 2017 onwards. Since the harvest season of the oranges in Hepu Plantation was in the first quarter of the calendar year, there was no revenue in respect of the plantation business of the Group for the six months ended 31 December 2017. However, the Directors believe that with effective stringent control on cost of sales and continuous exploration of new business model or business cooperation opportunities in the plantation operation, the revenue of the Group can be enhanced in the foreseeable future.

PROSPECTS

Follow the recent strategy and policy in relation to the initiative of "the Silk Road Economic Belt and the 21st Century Maritime Silk Road", Hepu, Guangxi was one of the important ancient ports in the Maritime Silk Road. As stated by an officer of Guangxi Zhuang Autonomous Region, Hepu shall turn its advantage in profound cultural heritages into industrial and economic advantages and eventually into the tangible benefits to the people. The Group's plantation business is based in Hepu and it will produce large quantity and good quality of orange in harvest seasons. With the benefit of Hepu's extensive transportation networks, there will arise substantial new business opportunities in promoting our famous organic brand "Royal Star" and the plantation business of the Group internationally. The Directors believe that it is the suitable time for the Group to explore and capture different business model and opportunities related to the Land and Maritime Silk Road initially and then shall be followed with global vision and achievement.

Notwithstanding the adverse conditions experienced in the past and the severe climate which may occur in the future, the Group will continue to consider feasible restructure of the loss making subsidiaries of the Group and to identify attractive investment and acquisition opportunities to increase the profitability and shareholders' value of the Company in the foreseeable future.

APPRECIATION

On behalf of the Board, I would like to express our sincerest gratitude to our shareholders, customers and business partners for your continuous support and trust in the Company. I would also like to express our deepest thankfulness to our strong management team and staff for their persistent dedication to the Group during the past years. We look forward to creating a prosperous future of the Group from the financial year of 2017/18 onwards.

Ng Ong Nee
Chairman

12 July 2018

* *For identification purposes only*

BUSINESS REVIEW

The Group was originally engaged in the business of (i) planting, cultivation and sale of agricultural produce; and (ii) manufacture and sale of fruit juice concentrates, fruit purees and frozen fruit and vegetables. However, in the financial years of 2016 and 2017, due to the Beihai Minority Disputes (as define below), the financial performance of those uncooperative subsidiaries in the People's Republic of China ("**PRC**"), with both the Plantation Operation and the Processed Fruit Operation, were deconsolidated from the Group's financial results. However, after the resumption of the control over Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) ("**Lucky Team Hepu**") in September 2017, the financial performance of Lucky Team Hepu, which representing the Plantation Operation, was reconsolidated to the Group from 28 September 2017 onwards.

Lucky Team Hepu directly holds the Hepu Planation which is located at Hepu, Guangxi, the PRC. For the six months ended 31 December 2017, the Group has consolidated the financial performance of Lucky Team Hepu in the Plantation Operation. The Processed Fruit Operation was still deconsolidated from the Group during the six months ended 31 December 2017.

Although the PRC subsidiaries of the Processed Fruit Operation have been deconsolidated from the financial performance of the Group since the financial year of 2015/16, the Directors will continue to protect and enforce all the interest of the Company and will continue to proceed the litigation against the uncooperative management of the deconsolidated PRC subsidiaries in order to obtain the relevant information as the ultimate parent holding company accordingly.

FINANCIAL REVIEW

Revenue

The harvest season of the oranges in Hepu Plantation falls in the second half of the financial year. Therefore the agricultural produce was not yet ready to sell on the domestic market during the six months ended 31 December 2017. As a result, there was no revenue, cost of sales nor gross profit in respect of the plantation business of the Group during the reporting period (six months ended 31 December 2016: Nil).

During the six months ended 31 December 2017, the Group recorded other income in the amount of RMB3.3 million (six months ended 31 December 2016: 0.7 million) of which RMB2.4 million (six months ended 31 December 2016: Nil) was generated from various business cooperation agreements with independent farmers.

Gain on bargain purchase

During the six months ended 31 December 2017, the Group recorded a gain on bargain purchase amounted to RMB21.9 million (2016: nil) in relation to the acquisition of the Agriculture Company. It was due to the gain on the provisional value of identifiable net assets acquired after the set off of the consideration payment.

Change in fair value of biological assets

For the six months ended 31 December 2017, the change in fair value of biological assets in the amount of RMB22.3 million (six months ended 31 December 2016: Nil) was recorded after the re-consolidation of Lucky Team Hepu to the Group in late September 2017.

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Selling and distribution expenses

For the six months ended 31 December 2017, the Group incurred selling and distribution expenses in the amount of RMB0.1 million (six months ended 31 December 2016: RMB0.4 million) which comprised mainly transportation expenses in relation to activities for generating other revenue.

General and administrative expenses

For the six months ended 31 December 2017, the general and administrative expenses of the Group amounted to RMB10.9 million (six months ended 31 December 2016: RMB17.0 million) which comprised primarily of salaries, office administration expenses, depreciation and travelling expenses. Due to the implementation of stringent cost control, these costs decreased by 35.9% approximately.

Loss from operation and loss attributable to shareholders for the period

For the six months ended 31 December 2017, both loss from operation of the Group and loss attributable to shareholders were RMB195.3 million (six months ended 31 December 2016: RMB16.7 million). The substantial increase was due to the loss arising on the re-consolidation of Lucky Team Hepu which amounted to RMB231.7 million.

DIVIDEND

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 31 December 2017 (six months ended 31 December 2016: Nil).

CAPITAL

As at 31 December 2017, the total number of issued shares of the Company was 1,249,637,884.

LIQUIDITY, FINANCE RESOURCES AND FINANCIAL RATIOS (NOT INCLUDING THOSE DECONSOLIDATED PRC SUBSIDIARIES)

Liquidity

As at 31 December 2017, the current ratio and quick ratio were 0.11 and 0.05 respectively (30 June 2017: 0.09 and 0.08).

Gearing ratio and debt ratio

As at 31 December 2017, the Group did not incur any debt instruments nor any bank borrowings. The net cash position of the Group was approximately RMB24.8 million as at 31 December 2017 (30 June 2017: RMB16.5 million).

Funding and treasury policy

During the six months ended 31 December 2017, the Group had sufficient funds for the operation and would continue to adopt stringent cost control and conservative treasury policies in the forthcoming financial year.

Internal cash resource

The Group's funding resource comprises internal cash and cash equivalents. The Group did not have any outstanding borrowings as at 31 December 2017 (30 June 2017: Nil).

Charge on assets

None of the Group's assets were pledged as at 31 December 2017 (30 June 2017: Nil).

Capital commitments

The Group did not have any capital commitments as at 31 December 2017 (30 June 2017: Nil).

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.

The Group has limited transactions denominated in foreign currencies, hence exposure 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 the currency risk by closely monitoring the movement of the foreign currency exchange rate.

EMPLOYEES OF THE GROUP

The Group has adopted a competitive remuneration package since it aims to attract, retain and motivate high calibre individuals. Remuneration packages are performance-linked and business performance, market practices and competitive market conditions are all taken into consideration in determining 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.

As at 31 December 2017, the total headcount of the Group, not including the employees of the deconsolidated PRC subsidiaries, was 78 (30 June 2017: 34).

MAJOR CUSTOMERS AND SUPPLIERS

During the six months ended 31 December 2017, there was no major customer in respect of the Agricultural Produce Segment since the agricultural produce was not yet ready to sell on the domestic market. The amount of purchases from the top five major suppliers during the six months ended 31 December 2017 amounted to RMB0.23 million (six months ended 31 December 2016: Nil).

CONTINGENT LIABILITIES

Due to the Beihai Minority Disputes (details of which are disclosed in the paragraph under the section headed "Others Significant Events"), the management of certain PRC subsidiaries of the Group did not provide sufficient explanation, financial information, or any monthly updates which would have offered a balanced and comprehensible assessment of those PRC subsidiaries' performance and position to the Directors for their duties under Rule 3.08 and Chapter 13 of the Rules Governing the Listing of Securities ("**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HKEx**"). As a result, those PRC subsidiaries were deconsolidated in the consolidated financial statements of the Group during the year ended 30 June 2016. Details of the deconsolidation of those PRC subsidiaries were also disclosed in note 2 to the interim financial information of the Group for the six months ended 31 December 2017.

Therefore, based on the limited information provided to the Directors in this regard, it is impossible for the Directors to ascertain, as at the date of approval of this interim report, the contingent liabilities of those deconsolidated subsidiaries during the reporting period of this interim report as they have been unable to gain access to the complete books and records and management personnel of the deconsolidated subsidiaries.

Save as disclosed in the above paragraphs and in the section with titled "Legal Cases of Deconsolidated Subsidiaries", to the best knowledge of the Directors' information, the Company did not have any contingent liabilities as at 31 December 2017.

Other Significant Events

(1) PRC Business Cooperation Agreements

On 11 August 2016, the Company announced that the Group, before the decision of the deconsolidation of the PRC subsidiaries (the "**Deconsolidation**"), had entered into 19 business cooperation agreements with independent farmers and an agriculture company with various contract periods ranging from 1 year to 25 years, pursuant to which (i) the independent farmers/agriculture company undertake to produce certain farm products, such as oranges, bananas, canes, lychee, etc., in specific areas of Hepu Plantation based on the quality standards and production requirements as stipulated in the business cooperation agreements; and (ii) the Group, before the decision of the Deconsolidation, agreed to support the farmers and the agriculture company through land preparation as well as providing technical services and production advice. Details of the aforesaid business cooperation agreements were disclosed in the Company's announcement dated 11 August 2016.

(2) Proposed Major Transaction and Subsequent Expiry of the Terms

As disclosed in the annual reports of the Company for the financial years ended 30 June 2016 and 2017, on 25 August 2016, In-Season Limited, a wholly-owned subsidiary of the Company, had executed a conditional sales and purchase agreement ("**SPA**") with Greater Lead Limited, the vendor, to acquire the entire issued share capital of Eagleton Global Investments Limited, a limited company incorporated in the British Virgin Islands, which would indirectly hold 60% interest in a group (the "**Target Group**") after reorganization before completion. The Target Group owned two buildings of 8 storeys each, located at Nanshan Avenue, Nanshan District, Shenzhen, the PRC. The Company was a guarantor to the SPA and the total consideration of this transaction was HK$600 million, payable (i) by cash in the amount of HK$300 million and (ii) by procuring the Company to issue 600,000,000 consideration shares at the issue price of HK$0.50 per share to the vendor (or its designated nominee) on completion date. The transaction constituted a major transaction under the Hong Kong Listing Rules and would be subject to shareholders' approval in a special general meeting (the "**Major Transaction**").

On the same date, the Company entered into a placing agreement with a placing agent to procure, on a best effort basis, not less than six placees to subscribe, up to 610,000,000 shares of the Company at a price of HK$0.50 per share (the "**Placing**"). The entire net proceeds from the Placing would be applied as the cash consideration for the aforesaid acquisition under the SPA.

Due to the delay in publication of the annual results and annual report of the Company for the year ended 30 June 2016 and the relevant circular of the Major Transaction, the long stop dates of the SPA and the placing agreement had been extended on 23 December 2016 and 30 June 2017 to 30 June 2017 and 30 September 2017 respectively. However, the long stop dates of the SPA and the placing agreement had lapsed on 30 September 2017 eventually without further extension. Details of the Major Transaction, the extension of long stop dates, the delay in dispatch of the relevant circular and the lapse of the SPA and the placing agreement were disclosed in the Company's announcements dated 25 August 2016, 14 October 2016, 23 December 2016, 30 June 2017 and 29 September 2017 respectively.

(3) The Beihai Minority Disputes

As disclosed in the annual reports of the Company for the financial years ended 30 June 2016 and 2017, in late September 2016, during the course of auditing for the financial year ended 30 June 2016, the auditors of the Company reported that (i) Mr. Man Gui Fu* (滿桂富) ("**Mr. Man**"), who was a minority shareholder, director and general manager of Beihai Perfuming Garden Juice Co., Ltd.* (北海市果香園果汁有限公司) ("**Beihai Perfuming Garden**") and also held other positions in some of the other PRC subsidiaries, had alleged that there were inaccuracies in the books and records of certain PRC subsidiaries of the Group and (ii) a finance manager of that PRC subsidiary, Mr. Chen De Quiang* (陳德強), had sent written correspondence to the auditors of the Company which indicated that certain amounts or balances in the internal records of certain customers or suppliers did not correspond to the internal records of the Group. Subsequently, the management of those PRC subsidiaries of the Group refused to provide information requested by the Directors and senior management of the Company (the "**Beihai Minority Disputes**").

In view of these allegations, the auditors of the Company considered that there was a need to reinforce their audit procedures and implement wider and more extensive tests on audit sampling in order to obtain sufficient and appropriate audit evidence to allow it to form its audit opinion on the Group's consolidated financial statements for the years ended 30 June 2016 and 2017. The auditors also required performance of additional audit procedures, however, Mr. Man and the employees of certain PRC subsidiaries adopted an uncooperative manner and refused to respond to the requests from the auditors, the Directors and the senior management of the Company. The Directors and senior management of the Company could not access the financial, legal and administration records of the PRC subsidiaries, except Lucky Team Hepu subsequently. In order to protect and enforce all the legal rights of the Group, the Company had engaged a legal professional in the PRC to handle the related disputes and issues.

Those PRC subsidiaries were deconsolidated in the Group's consolidated financial statements for the years ended 30 June 2016 and 2017 onwards, except Lucky Team Hepu which was reconsolidated in the Group's consolidated financial statements as from 28 September 2017.

Details of the Beihai Minority Disputes and its subsequent development were disclosed in the Company's announcements dated 29 September 2016, 8 November 2016, 22 December 2016, 15 March 2017, 30 June 2017, 29 September 2017, 31 October 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018 and 26 March 2018 and other monthly update announcements.

(4) Delay in publication of the annual results, annual reports of the Company for the financial years ended 30 June 2016 and 2017 and the interim results and interim reports of the Company for the six months ended 31 December 2016 and 2017

Due to the Beihai Minority Disputes being arisen in late September 2016, the auditors of the Company were of the view that there was a need to reinforce their audit procedures and implement wider and more extensive tests on audit sampling in order to allow it to form its audit opinion on the Group's consolidated financial statements for the year ended 30 June 2016. It was noted that the Group's audited consolidated financial statements for the year ended 30 June 2016 were not available for publication by 30 September 2016, pursuant to Rule 13.49(1) of the Hong Kong Listing Rules.

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On 27 February 2017 and 3 March 2017 respectively, the Company announced that there was no material development on the outstanding issues and documents from the PRC subsidiaries for the auditing purpose of the Company. The Company would continue to follow the necessary procedures advised by its PRC legal advisers to seek the requisite clarification and information that was needed by the auditors. As a result, the Company would not be able to publish the interim results and interim report for the six months ended 31 December 2016 pursuant to Rules 13.49(6) and 13.48(1) of the Hong Kong Listing Rules.

Subsequently, on 29 September 2017, the Company announced that it was working with its professional advisers and auditors to plan the necessary audit procedures following resumption of control over Lucky Team Hepu and would defer the publication of its audited financial statements for the years ended 30 June 2016 and 30 June 2017 to a later date.

Thereafter, on 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018 and 29 June 2018, the Company further announced that the publication of the interim results and interim report for the six months ended 31 December 2017, pursuant to Rules 13.49(6) and 13.48(1) of the Hong Kong Listing Rules, together with the outstanding financial statements for the 12 months ended 30 June 2016 and 2017 and the six months ended 31 December 2016 will be postponed to a later date which shall be no later than the end of July 2018.

Details of the delay in publication of annual results, interim results, annual reports and interim reports were disclosed in the Company's announcements dated 29 September 2016, 27 February 2017, 3 March 2017, 29 September 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018 and 29 June 2018 respectively.

(5) Suspension of Trading

As disclosed in the annual reports of the Company for the financial years ended 30 June 2016 and 2017, on 29 September 2016, at the request of the Company, trading in the shares of the Company on the Main Board of the HKEx was suspended with effect from 9:00 a.m. (Hong Kong time) on Thursday, 29 September 2016 pending the release of the Group's annual results for the year ended 30 June 2016.

Meanwhile, at the request of the Company, trading in the shares of the Company on Alternative Investment Market ("**AIM**") was also suspended, with effect from 13:15 p.m. (UK time) on Wednesday, 28 September 2016.

(6) Cancellation from Trading on AIM

As disclosed in the annual reports of the Company for the financial years ended 30 June 2016 and 2017, the Company had announced on 27 March 2017 that the Company's shares would be cancelled from trading on AIM of the London Stock Exchange with effect from 29 March 2017.

(7) Completion of the acquisition of the Agriculture Company

On 1 December 2016, Lucky Team Hepu had entered into a cooperation agreement with the Agriculture Company for a term of 30 years (the "**Cooperation Agreement**") whereby the Agriculture Company would contribute fertilisers, pesticides and labour while Lucky Team Hepu would contribute the land, trees, machinery and the provision of technical support on cultivation and soil management. Under the Cooperation Agreement, the revenues generated from harvested oranges would be shared between Lucky Team Hepu and the Agriculture Company in the proportion of 10% and 90% respectively.

On 3 January 2017, the Group entered into a sale and purchase agreement with the owner of the Agriculture Company, who was an independent third party, to acquire 100% equity interest in the Agriculture Company with a total cash consideration of RMB1,000,000 (the "**Acquisition**"). The Agriculture Company was principally engaged in the operation of cultivation management and sale of oranges.

On 18 September 2017, the legal title of the equity interests of the Agriculture Company was changed to the Company's wholly-owned subsidiary and the change of the legal representative of the Agriculture Company to the Company's nominated representative has also taken effect and reflected on public records of the State Administration for Industry and Commerce (the "**SAIC**") at Beihai City and Hepu County of the PRC.

Details of the Acquisition were also disclosed in notes 2 and 18 to the condensed consolidated financial statements of the Group for the six months ended 31 December 2017.

(8) Resumption of the legal and physical control of Lucky Team Hepu

In August 2017, the legal representative of Lucky Team Hepu passed away and the Company initiated relevant applications to appoint a replacement legal representative and the directors of Lucky Team Hepu.

The Company had successfully resumed legal control over Lucky Team Hepu on 28 September 2017 and took possession and physical control of the land and buildings occupied by Lucky Team Hepu and the assets, books and records thereat in October 2017. Thereafter, the Company discussed with various professionals including valuers and auditors in relation to potential valuation and audit work in respect of Lucky Team Hepu and/or its property, plant and equipment and orange trees.

On 28 December 2017, the Company announced the update on work progress for Lucky Team Hepu. The Company had collated the documents found on-site at the Hepu office premises and appointed a PRC accountant to prepare the books and records and the financial statements of Lucky Team Hepu based on those available accounts and records for the period between January 2017 to September 2017.

Details of the aforesaid resumption of control were disclosed in the Company's announcements dated 15 March 2017, 27 March 2017, 29 September 2017, 31 October 2017, 30 November 2017 and 28 December 2017 respectively.

(9) Legal Cases of Deconsolidated Subsidiaries

(1) Shareholders dispute relating to Beihai Perfuming Garden

In June 2017, the Company was made aware of service of proceedings from a PRC court whereby Mr. Man had commenced legal proceedings against a subsidiary of the Company alleging that Mr. Man had the right to require such subsidiary to transfer its 46.14% equity interest in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed by such subsidiary, Mr. Man and the original shareholders of Beihai Perfuming Garden in February 2010 ("**BPG Shareholders Dispute**").

On or about 30 January 2018, the Group received three writs of summon issued by Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) on 10 January 2018 against (1) the Company, (2) BPG Food & Beverage Holdings Ltd. (果香園食品控股有限公司) and (3) Wealth Elite Investments Limited (鑫卓投資有限公司) requiring each to attend a court hearing scheduled on 13 March 2018 in respect of the BPG Shareholders Dispute.

On 13 March 2018, the representatives of the Group had attended a court hearing at Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) whereby the parties' submissions regarding the verification of evidence were heard. It was noted that further court procedures would be followed pursuant to the PRC laws.

(2) Information rights proceedings relating to Tianyang Perfuming Garden

On 20 November 2017, the Company received a PRC court order ("**TPG Order**") made in the Group's favor and against Tianyang Perfuming Garden Food Industrial Co., Ltd.* (田陽果香園食品工業有限公司) ("**Tianyang Perfuming Garden**"), against which the Group had instituted legal proceedings to enforce its information rights as shareholder. Pursuant to the TPG Order, amongst others, Tianyang Perfuming Garden should, within fifteen days of the order effective date which was the date when the 30 days' period to appeal had lapsed since the date of receipt of the Order by the last party ("**Order Effective Date**"), produce the following:

(i) for inspection and photocopying (for a period not more than 30 days) certain of its corporate records, including memorandum and articles of association and any amendments thereto, resolutions of the board of directors or any supervisory committee and financial reports; and

(ii) for inspection only (for a period not more than 30 days) certain of its accounting books and records, ledgers, contracts, invoices, bank confirmations as at 30 June 2015, 30 June 2016, 31 December 2016 and 30 June 2017 and latest company credit status report.

It was further noted that there was a request for appeal of the TPG Order from Tianyang Perfuming Garden made on 18 December 2017. On 24 January 2018, the Company was made aware of an appeal hearing scheduled on 5 February 2018 and the representative of the Company had attended the appeal hearing held on that date.

Finally, on 19 April 2018, the PRC legal advisers of the Company received a judgment in respect of the appeal delivered by Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) which stated that the court had (1) upheld the TPG Order, and (2) such judgement is final and conclusive.

(3) Information right proceedings relating to Beihai Perfuming Garden

On 26 June 2017, the PRC courts had formally accepted the Group's application to commence formal legal proceedings to enforce its information rights as shareholder of Beihai Perfuming Garden.

On 18 January 2018, the Group has received a court order ("**BPG Order**") made by Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) of the PRC made in favor of the Group and against Beihai Perfuming Garden. Pursuant to the BPG Order, Beihai Perfuming Garden shall, within thirty days of the effective date of the BPG Order, produce the following to the Group and its legal advisers:

(i) for inspection and photocopying (at the domicile of Beihai Perfuming Garden) its memorandum and articles of association and any amendments thereto, resolutions of the board of directors or any supervisory committee, financial reports for a period prescribed in the BPG Order;

(ii) for inspection only (at the domicile of Beihai Perfuming Garden) all of its accounting books and records (including general ledgers, detailed ledgers, daily ledgers and other supplemental ledgers) and accounting vouchers (including bookkeeping vouchers, related original vouchers and relevant information in respect of the source documents for entry bookkeeping) for a period prescribed in the BPG Order; and

(iii) for inspection only (at the domicile of Beihai Perfuming Garden) all of its original bank account transaction statements, bank confirmations as at 30 June 2015 and 30 June 2016, 31 December 2016 and 30 June 2017, the latest company credit status report, all documents related to the sales and merchandise transactions (including all types of contract, invoices, delivery acknowledgement receipts and receipts) for a period prescribed in the BPG Order.

Pursuant to the BPG Order, the PRC court rejected the Group's request for the production of certain accounting records of Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司) and Beihai Super Fruit Co., Ltd.* (北海盛果商貿有限公司) (both subsidiaries of Beihai Perfuming Garden) on the basis that the claimant being only a shareholder of Beihai Perfuming Garden and had no ground to request such subsidiaries of Beihai Perfuming Garden to produce to it the requested records.

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However, in early February 2018, the Group lodged a request for appeal of the rulings of the BPG Order ("**BPG Information Right Appeal**") which was transferred to Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) for processing. On 27 April 2018, the Company was made aware of an appeal hearing scheduled to take place on 16 May 2018 and the representative of the Company had attended the appeal hearing held on that date. On 29 June 2018, the PRC legal advisers of the Company received a judgment in respect of the BPG Information Right Appeal delivered by Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) which stated that the court had (1) upheld the BPG Order, and (2) the judgement should be final and conclusive.

(4) Contractual dispute relating to Tianyang Perfuming Garden

In May 2017, the Group was informed that Tianyang Perfuming Garden was involved in a PRC court proceeding in which it was alleged to have defaulted in the payment of RMB3,717,017.28 for certain construction works and overdue interests of RMB340,674.95. Prior to May 2017, the Group was not made aware of any reports in respect of such court proceeding. The Company had since taken actions to request for the inspection of the accounting books and records of Tianyang Perfuming Garden in order to better understand its operations but has not received any response.

Subsequently, the Group was informed that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) had issued a judgment ordering Tianyang Perfuming Garden to pay damages and interests to the claimant and had further issued a notice on 12 January 2018 in respect of execution of the order ("**First TPG Judgement**"). The Company's PRC legal advisers advised the Group that upon issue of such notice, the court would initiate the process of seizure of the funds and assets of Tianyang Perfuming Garden and proceed with any other necessary recovery actions.

In late February 2018, it was noted that Tianyang Perfuming Garden had been served with a service of proceeding from Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) whereby the same claimant under the First TPG Judgment has commenced a legal proceeding against Tianyang Perfuming Garden alleging that it had defaulted in the payment of RMB836,590.46 together with interests for the same construction work. A hearing required the attendance of Tianyang Perfuming Garden was scheduled in late March 2018.

In May 2018, the Group was informed that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) had issued an order ordering Tianyang Perfuming Garden to make a payment in the amount of RMB669,272.37, together with interests, to the aforesaid claimant ("**Second TPG Judgement**"). The Second TPG Judgement was subject to the requests for appeal by either party within the prescribed time limit under the PRC laws.

In June 2018, the senior management of Tianyang Perfuming Garden reported that the relevant PRC court had issued judgments ordering the freezing of a bank account held by Tianyang Perfuming Garden in respect of the First TPG Judgment, and the inclusion of Tianyang Perfuming Garden in the "List of Dishonest Persons subject to Enforcement" of the Supreme People's Court.

(5) *Repayment of loan and interest in arrears relating to Tianyang Perfuming Garden*

The Company was made aware of a PRC court order requiring Tianyang Perfuming Garden to repay a loan of RMB17 million together with interest in arrears. Pursuant to the court documents received, the Group understood the allegation relate to the fact that Tianyang Perfuming Garden had entered into a loan facility agreement with a person called Xue Zhen* (薛珍) on 1 June 2016 in respect of a loan in the amount of RMB17 million with interest rate of 6% per annum. It was alleged that such loan together with interests thereof were due for repayment. It was further alleged that Tianyang Perfuming Garden had also pledged two pieces of land to Xue Zhen as security for the loan but such pledge had not been registered with the relevant PRC authorities. The Company had since becoming aware of the legal proceedings made enquiries with Tianyang Perfuming Garden in connection with information related to such loan, but Tianyang Perfuming Garden (which to the Company's knowledge its senior management included Mr. Huang Xin, Mr. Pang Yi, Mr. Man and Mr. Wang Jia Yi) had yet to respond or cooperate. The Company had instructed its PRC legal advisers to attend the office of Tianyang Perfuming Garden to exercise its shareholders' right and made enquiries. The management at Tianyang Perfuming Garden refused to cooperate.

The Company was not aware of the existence of the above contractual documents or arrangements prior to receiving the above legal proceedings and would take legal advice in response to such claims, including but not limited to checking the authenticity of the contracts received. The Company reiterated that it would defend the aforesaid legal proceedings vigorously and would endeavour to claim against any and all losses the Group might suffer as a result.

Details of the legal proceedings and their updates were disclosed in the Company's announcements dated 29 September 2016, 30 June 2017, 29 September 2017, 31 October 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018 and 29 June 2018 respectively.

CONDITIONS FOR RESUMPTION OF TRADING OF SHARES OF THE COMPANY

At the request of the Company, trading in the shares of the Company on the HKEx was suspended with effect from 9:00 a.m. (Hong Kong time) on Thursday, 29 September 2016. Reference is made to the announcement of the Company dated 27 January 2017 in relation to the resumption conditions (the "**Resumption Condition Announcement**"). As at the date of this interim report, all outstanding financial results (i.e. for the 12 months ended 30 June 2016, the 6 months ended 31 December 2016, the 12 months ended 30 June 2017 and the 6 months ended 31 December 2017) as required under the Hong Kong Listing Rules have been published by the Company. Trading in the shares of the Company on the HKEx will remain suspended pending the fulfilment of the remaining resumption conditions as stated in the Resumption Condition Announcement, including but not limited to the resumption condition that the Company will address the disclaimer opinion as included in the Company's annual reports for each of the two years ended 30 June 2016 and 2017.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Notes	Six months ended 31 December 2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Revenue	5	–	–
Cost of sales		–	–
Gross profit		–	–
Other income	6	3,248	740
Gain on bargain purchase	18	21,868	–
Loss arising on re-consolidation of a deconsolidated subsidiary	19	(231,718)	–
Change in fair value of biological assets		22,295	–
Selling and distribution expenses		(106)	(364)
General and administrative expenses		(10,868)	(17,034)
Loss before tax	7	(195,281)	(16,658)
Income tax expense	8	–	–
Loss for the period		(195,281)	(16,658)
Attributable to			
Owners of the Company		(195,281)	(16,658)
Non-controlling interest		–	–
		(195,281)	(16,658)
		RMB	RMB
Loss per share	9		
– Basic and diluted		(0.156)	(0.013)

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2017

	Six months ended 31 December 2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Loss for the period	**(195,281)**	(16,658)
Other comprehensive (loss)/income for the period		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of tax	**(5,868)**	5,108
Total comprehensive loss for the period	**(201,149)**	(11,550)
Attributable to		
Owners of the Company	**(201,149)**	(11,550)
Non-controlling interests	**–**	–
	(201,149)	(11,550)

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	31 December 2017 (unaudited) RMB'000	30 June 2017 (audited) RMB'000
Assets			
Non-current assets			
Property, plant and equipment	10	103,003	4,799
Land use rights		–	–
Construction-in-progress		–	–
Biological assets		–	–
Intangible assets		–	–
Deposits		–	–
Goodwill		–	–
Prepayment for acquisition of a subsidiary		–	1,000
		103,003	5,799
Current assets			
Biological assets	11	28,893	–
Properties for sale		–	–
Inventories	12	5,503	2,443
Trade and other receivables	13	4,275	2,862
Cash and cash equivalents		24,816	16,545
		63,487	21,850
Total assets		166,490	27,649
Equity and Liabilities			
Capital and reserves			
Share capital	14(a)	12,340	12,340
Reserves		427,458	(226,309)
Capital deficiency attributable to owners of the Company		(415,118)	(213,969)
Non-controlling interests		–	–
Capital deficiency		(415,118)	(213,969)

	Notes	31 December 2017 (unaudited) RMB'000	30 June 2017 (audited) RMB'000
Non-current liability			
Obligation under finance leases		**–**	–
Current liabilities			
Trade and other payables	15	**581,608**	241,618
Obligation under finance leases		**–**	–
		581,608	241,618
Total liabilities		**581,608**	241,618
Total liabilities, net of capital deficiency		**166,490**	27,649
Net current liabilities		**(518,121)**	(219,768)
Total assets less current liabilities		**(415,118)**	(213,969)

The condensed consolidated financial statements on pages 15 to 40 were approved and authorised for issue by the Board of Directors on 12 July 2018 and are signed on its behalf by:

Ng Ong Nee
Director

Ng Hoi Yue
Director

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	Attributable to owners of the Company									
	Share Capital RMB'000	Share premium RMB'000 (note (a))	Merger reserve RMB'000 (note (b))	Share options reserve RMB'000 (note (c))	Statutory reserve RMB'000 (note (d))	Exchange reserve RMB'000 (note (e))	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 July 2017 (audited)	**12,340**	**3,698,234**	**(4,473)**	**87,540**	**–**	**(1,518)**	**(4,006,092)**	**(213,969)**	**–**	**(213,969)**
Change in equity for the six months ended 31 December 2017 (unaudited):										
Loss for the period	–	–	–	–	–	–	(195,281)	(195,281)	–	(195,281)
Other comprehensive loss										
Exchange differences on translation of financial statements of foreign operations, net of tax	–	–	–	–	–	(5,868)	–	(5,868)	–	(5,868)
Total comprehensive loss for the period	–	–	–	–	–	(5,868)	(195,281)	(201,149)	–	(201,149)
Share options cancelled	–	–	–	(5,815)	–	–	5,815	–	–	–
At 31 December 2017 (unaudited)	**12,340**	**3,698,234**	**(4,473)**	**81,725**	**–**	**(7,386)**	**(4,195,558)**	**(415,118)**	**–**	**(415,118)**

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	Attributable to owners of the Company									
	Share Capital RMB'000	Share premium RMB'000 (note (a))	Merger reserve RMB'000 (note (b))	Share options reserve RMB'000 (note (c))	Statutory reserve RMB'000 (note (d))	Exchange reserve RMB'000 (note (e))	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 July 2016 (audited)	12,340	3,698,234	(4,473)	88,253	–	(2,484)	(3,978,339)	(186,469)	–	(186,469)
Change in equity for the six months ended 31 December 2016 (unaudited):										
Loss for the period	–	–	–	–	–	–	(16,658)	(16,658)	–	(16,658)
Other comprehensive income										
Exchange differences on translation of financial statements of foreign operations, net of tax	–	–	–	–	–	5,108	–	5,108	–	5,108
Total comprehensive loss for the period	–	–	–	–	–	5,108	(16,658)	(11,550)	–	(11,550)
At 31 December 2016 (unaudited)	12,340	3,698,234	(4,473)	88,253	–	2,624	(3,994,997)	(198,019)	–	(198,019)

The accompanying notes form part of this interim financial information.

Notes:

(a) The application of the share premium account is governed by the Companies Act of Bermuda.

(b) The merger reserve represents the excess of the value of the net assets of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange pursuant to the group reorganisation on 29 June 2005 in preparation for the admission of the Company's shares to Alternative Investment Market of the London Stock Exchange.

(c) The share options reserve represents the fair value of unexercised share options recognised in accordance with the accounting policy adopted for share-based payments.

(d) The statutory reserve represents the appropriation of 10% of profit after taxation (after offsetting prior year losses) determined based on the accounting standards and regulations of the People's Republic of China (the "**PRC**") as required by the relevant PRC rules and regulations and the Articles of Association of the Company's PRC subsidiaries. The appropriation may cease to apply if the balance of the statutory reserve has reached 50% of that PRC subsidiary's registered capital.

(e) The exchange reserve comprises all foreign exchange differences on translation of the financial statements of foreign operations.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2017

	Six months ended 31 December 2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Net cash used in operating activities	**(7,297)**	(13,569)
Investing activities		
Net cash inflow on acquisition of a subsidiary	**17,158**	–
Net cash inflow on re-consolidation of a deconsolidated subsidiary	**4,109**	–
Purchase of property, plant and equipment	**(401)**	(3,824)
Interest received	**33**	100
Net cash generated from/(used) in investing activities	**20,899**	(3,724)
Net increase/(decrease) in cash and cash equivalents	**13,602**	(17,293)
Cash and cash equivalents at beginning of the period	**16,545**	49,539
Effect of foreign exchange rate changes	**(5,331)**	5,093
Cash and cash equivalents at end of the period	**24,816**	37,339

The accompanying notes form part of this interim financial information.

1. GENERAL INFORMATION

Asian Citrus Holdings Limited (the "**Company**") is 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**").

The address of the Company's 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 Suite 2609-11, 26/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are set out in the table below.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Group, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Details of the subsidiaries, including the Deconsolidated Subsidiaries (see Note 2), directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company	Principal activities
Directly held:						
Access Fortune Investments Limited	The British Virgin Islands ("**BVI**")	Hong Kong	Ordinary	United States dollar ("**USD**") 1	100%	Investment holding
A-One Success Limited	BVI	Hong Kong	Ordinary	USD1	100%	Investment holding
Asian Citrus Management Company Limited	BVI	Hong Kong	Ordinary	USD1	100%	Proprietor and licensor of the Group's intellectual property rights
Newasia Global Limited	BVI	Hong Kong	Ordinary	USD100,100	100%	Investment holding
Raised Energy Investments Limited	BVI	Hong Kong	Ordinary	USD1	100%	Investment holding
ACH Green Trees Holdings Limited	Hong Kong	Hong Kong	Ordinary	Hong Kong Dollar ("**HKD**") 10,000	100%	Not commenced business yet
Team Luck Develop Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	Investment holding
Golden Rain Group Limited	BVI	Hong Kong	Ordinary	USD100	100%	Investment holding

1. GENERAL INFORMATION *(Continued)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company	Principal activities
Indirectly held:						
Asian Citrus (H.K.) Company Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	General commercial and leasing of properties
Chance Full (H.K.) Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	General commercial
BPG Food & Beverage Holdings Ltd.	Cayman Islands	Hong Kong	Ordinary	HKD1,000	100%	Investment holding
Bright Treasure Group Holdings Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	Sale of goods
Chance Lead Holdings Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	Investment holding
Fame Zone Limited	BVI	Hong Kong	Ordinary	USD1	100%	Investment holding
Golden City Worldwide Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	Sale of goods
Top Honest Holdings Limited	BVI	Hong Kong	Ordinary	USD1	100%	Investment holding
Wealth Elite Investments Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	Investment holding
Beihai Perfuming Garden Juice Co. Ltd[Δ] (北海市果香園果汁有限公司)[#]	The People's Republic of China (the "**PRC**")	PRC	Ordinary	RMB226,800,000	92.94%	Trading of fruit juice concentrates, manufacture and sale of frozen fruits and vegetables
Beihai Super Fruit Co., Ltd[Δ] (北海盛果商貿有限公司)[#]	PRC	PRC	Ordinary	RMB3,000,000	92.94%	Trading of condensed fruit juice
Hepu Perfuming Garden Food Co., Ltd.[Δ] (合浦果香園食品有限公司)[#]	PRC	PRC	Ordinary	RMB34,000,000	92.94%	Manufacture and sale of fruit juice concentrates, fruit purees and others
Guangxi Hepu Guanhua Agriculture Co., Ltd.[Δ] (廣西合浦冠華農業有限公司)*	PRC	PRC	Ordinary	RMB1,000,000	100%	Cultivation management and sale of fruits

1. GENERAL INFORMATION *(Continued)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company	Principal activities
Indirectly held: *(continued)*						
Guangzhou Asian Citrus Investment Consulting[Δ] Co., Ltd. (廣州市亞機果投資諮詢有限公司)*	PRC	PRC	Ordinary	RMBNil	100%	Not commenced business yet
Litian Biological Sciences & Technology Development (Xinfeng) Company Limited[Δ] (利添生物科技發展（信豐）有限公司)[#]*	PRC	PRC	Ordinary	USD15,000,000	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development Yongzhou Limited[Δ] (永州利添生物科技發展有限公司)[#]*	PRC	PRC	Ordinary	USD10,000,000	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development (Hepu) Limited[Δ] (利添生物科技發展(合浦)有限公司)[#]*	PRC	PRC	Ordinary	RMB284,850,000	100%	Planting, cultivation and sale of oranges
Lucky Team (Hepu) Agriculture Development Limited[Δ] (利添良繁(合浦)農業發展有限公司)[#]*	PRC	PRC	Ordinary	HKD28,000,000	100%	Development of nursery
Tianyang Perfuming Garden Food Industrial Co., Ltd.[Δ] (田陽果香園食品工業有限公司)[#]*	PRC	PRC	Ordinary	HKD78,000,000	100%	Manufacture and sale of frozen fruits and others

* Established in the PRC as wholly foreign-owned enterprise

[#] Deconsolidated Subsidiaries which have been deconsolidated from the Group's consolidated financial statements with effect from 1 July 2015

[Δ] For identification purposes only

2. BASIS OF PREPARATION

The interim financial information as at and for the six months ended 31 December 2017 comprise the Company and its subsidiaries (collectively referred as to the "**Group**"). Details of the subsidiaries were set out in note 1.

During the audit process in respect of the consolidated financial statements of the Group for the year ended 30 June 2016, HLB Hodgson Impey Cheng Limited, the auditors of the Company, (the "**Auditors**") reported that it has received written correspondences which appeared to be sent by a person named Mr. Chen De Qiang* (陳德強) ("**Mr. DQ Chen**"), who is a finance manager of certain PRC subsidiaries of the Company and asserted in the correspondence that he was acting on behalf of Mr. Man Gui Fu* (滿桂富) ("**Mr. Man**"), who (1) is a minority shareholder, director and general manager of Beihai Perfuming Garden Juice Co., Ltd.* (北海市果香園果汁有限公司) ("**Beihai Perfuming Garden**"), a PRC subsidiary of the Company; and (2) holders of positions in some other PRC subsidiaries of the Company and indicated to the Auditors that certain amounts or balances in the internal records of certain customers and suppliers did not correspond to the internal records of Hepu Perfuming Garden Food Co., Ltd* (合浦果香園食品有限公司) for the year ended 30 June 2016 ("**Mr. Chen's Allegation**"). Further details are disclosed in the Company's announcement dated 29 September 2016.

After that, at the request of a man who claimed to be Mr. Man's representative, the Auditors have arranged to meet Mr. Man in the office of the Auditors' legal adviser (the "**Meeting**"). A man who claimed to be Mr. Man attended the Meeting and asserted to the Auditors that there were inaccuracies in the books and records of certain subsidiaries of the Company and provided to the Auditors documents purporting to be copies of bank statements for the period from 1 January 2016 to 30 June 2016 of Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) ("**Lucky Team Hepu**"), a PRC subsidiary of the Company ("**Mr. Man's Allegation**").

In June 2017 the Company was made aware of service of proceedings from a court in the PRC whereby Mr. Man had commenced legal proceedings against Chance Lead Holdings Limited ("**Chance Lead**"), a subsidiary of the Company and the immediate holding company of Beihai Perfuming Garden, alleging that he had the right to require Chance Lead to transfer 46.14% equity interest in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed by Chance Lead, Mr. Man and the previous shareholders of Beihai Perfuming Garden in February 2010 (the "**Arrangements**"). Furthermore, the Company was made aware of a court order in the PRC requiring Tianyang Perfuming Garden Food Industrial Co. Ltd.* (田陽果香園食品工業有限公司) ("**Tianyang Perfuming Garden**"), a PRC subsidiary of the Company, to repay a loan of RMB17 million and the interest in arrears. Based on the court documents received, the directors of the Company's understanding of the allegations is that Tianyang Perfuming Garden had allegedly entered into a loan facility agreement with a person called Xue Zhen* (薛珍) on 1 June 2016 in respect of a loan which amounted to RMB17 million with interest rate of 6% per annum. It is alleged that such loan and the interests were due for repayment. It is further alleged that Tianyang Perfuming Garden had also pledged two pieces of land to Xue Zhen as security for the loan but such pledge had not been registered with the PRC authorities (the "**Tianyang Perfuming Garden Proceeding**") (hereinafter, the Arrangements, the Tianyang Perfuming Garden Proceeding, Mr. Chen's Allegation and Mr. Man's Allegation are collectively referred to as the "**Allegations**"). The board of directors of the Company (the "**Board**") had, since becoming aware of the legal proceedings, made enquiries with Tianyang Perfuming Garden in connection with information related to this loan, but up to the date of approval of the interim financial information, Tianyang Perfuming Garden (which to the Company's knowledge its senior management includes Mr. Huang Xin, Mr. Pang Yi, Mr. Man and Mr. Wang Jia Yi) has not responded nor cooperated. The Company had also instructed its PRC legal advisers to attend the office of Tianyang Perfuming Garden to exercise its shareholders' right and make enquiries. Nevertheless the management of Tianyang Perfuming Garden refused to cooperate. Further details are disclosed in the Company's announcement dated 30 June 2017.

* *For identification purposes only*

2. BASIS OF PREPARATION *(Continued)*

As a result of the above, the Group's consolidated financial statements for the year ended 30 June 2016 were not available for publication by 30 September 2016, being the time by which the Company was obliged to make such publication under the Rules Governing the Listing of Securities on the HKEx (the "**Hong Kong Listing Rules**") and Alternative Investment Market ("**AIM**") Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange. Consequently, the shares of the Company were suspended from trading on the HKEx and the AIM from 29 September 2016 and 28 September 2016 respectively. As disclosed in the Company's announcement dated 27 March 2017, the London Stock Exchange would cancel the admission of AIM securities where these securities had been suspended from trading for 6 months and as such the Company's shares would be cancelled from trading on AIM with effect from 29 March 2017, being the date that is 6 months from the date when the shares were initially suspended.

The directors of the Company have initiated and tried to establish communications with Mr. Man and Mr. DQ Chen as well as other senior management of the Company's subsidiaries established in the PRC (except for Guangzhou Asian Citrus Investment Consulting Co., Ltd.* (廣州市亞機果投資諮詢有限公司), which was established by the Group on 21 January 2016) (the "**PRC Subsidiaries**") with a view to clarify details in connection with the Allegations. The Group had initiated formal legal procedures to change the relevant senior management members of the PRC subsidiaries. After taking legal advice from a PRC lawyer, the implementation of such changes may take prolonged time and cause undue delay. Up to the date of approval of the interim financial information, (i) the Group has not yet received any of the requested information from Mr. Man and Mr. DQ Chen in respect of the Allegations which are required for the proper finalisation of the interim financial information of the Group; and (ii) the relevant legal procedures to change the senior management members of the PRC subsidiaries are still in progress. Further details are disclosed in the Company's announcements dated 8 November 2016, 8 December 2016, 6 January 2017, 27 January 2017, 27 February 2017, 15 March 2017, 27 March 2017, 30 June 2017 and 29 September 2017.

The Board believes that the occurrences of the Allegations and the inability of the management of the Group to gain access to the complete books and records of the PRC subsidiaries of the Company or to obtain explanations and information from the management of the PRC subsidiaries (hereinafter, together with the incidents relating to the Allegations, are collectively referred to as the "**Incidents**") have adversely affected the normal operations of the Company and is against the interests of its shareholders.

Given the circumstances that the directors of the Company have not been able to have access to complete books and records of the PRC Subsidiaries and in the absence of Mr. Man, Mr. DQ Chen and the management of the PRC Subsidiaries to explain and validate the true state of the affairs of the PRC Subsidiaries as at 31 December 2017 and their financial performance for the six months ended 31 December 2017, the directors of the Company considered it would be extremely difficult and time consuming to ascertain the true and correct financial position and profit or loss as of and for the six months ended 31 December 2017 for the Group on a consolidated basis or to obtain sufficient documentary information to satisfy themselves regarding the treatment of the transactions during the period and various balances of the Group and the PRC Subsidiaries as at 31 December 2017. As of the date of approval of this interim financial information, the directors of the Company are satisfied that the Group have used its best efforts, to the extent commercially practicable, to attempt to obtain the accounting records of the PRC Subsidiaries for the six months ended 31 December 2017, applying the best estimates and judgement based on the information of the Group that are available to the directors of the Company. In the opinion of the Board, any reconstruction of the correct accounting records would be impracticable as it will be necessary to verify the information with external and independent sources and such sources may not be available or may be unreliable due to their connections with the management of the PRC Subsidiaries or those responsible for the financial information within and outside of the Group.

* *For identification purposes only*

2. BASIS OF PREPARATION *(Continued)*

Given these circumstances, the Board has not consolidated the financial statements of the PRC Subsidiaries (hereinafter referred to as the "**Deconsolidated Subsidiaries**") with effect from 1 July 2015. As such, the results, assets and liabilities of the Deconsolidated Subsidiaries have not been included into the consolidated financial statements of the Group since 1 July 2015 or as at 31 December 2017, as appropriate. The deconsolidation of the Deconsolidated Subsidiaries resulted in a loss of approximately RMB3,935,432,000, which was determined based on the carrying amounts of the assets and liabilities of the Deconsolidated Subsidiaries as at 1 July 2015. This loss had been recognised in the consolidated statement of profit or loss for the year ended 30 June 2016 and presented as loss arising from the Incidents and the resulting movement of approximately RMB136,625,000 had been recorded in the statutory reserve in the consolidated statement of changes in equity for the year ended 30 June 2016.

In the opinion of the directors of the Company, the interim financial information of the Group as at and for the six months ended 31 December 2017 prepared on the aforementioned basis is the most appropriate and practical way of presenting the results and state of affairs of the Group as the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the transactions and balances related to the Deconsolidated Subsidiaries. However, the deconsolidation of the Deconsolidated Subsidiaries is not in compliance with the requirements of International Financial Reporting Standard ("**IFRS**") 10 "Consolidated Financial Statements". Given the abovementioned circumstances, the directors of the Company are unable to ascertain the impact of the Incidents with respect to the accounting records and transactions of the Deconsolidated Subsidiaries, if any, and hence how much of the reported loss arising from the Incidents related solely to the impact of deconsolidation of the Deconsolidated Subsidiaries.

Due to limited books of account and records available to the directors of the Company and the non-consolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015, the following disclosures have not been made in the consolidated financial statements insofar as the details or information relate to the Deconsolidated Subsidiaries as at and for the six months ended 31 December 2017:

- Details of the credit policy and aging of debtors and creditors as required by the Hong Kong Listing Rules;
- Details of contingent liabilities and commitments as required by the Hong Kong Companies Ordinance and IFRSs;
- Details of allowance account for credit losses, financial risk management and fair value disclosure as required by IFRS 7 "Financial Instruments – Disclosures"; and
- Entity-wide disclosures as required by IFRS 8 "Operating Segments".

Further, for the same reasons as those stated above, the Board is unable to represent in this interim financial information that all transactions entered into by the Group for the six months ended 31 December 2017 have been properly reflected in the interim financial information. In this connection, the Board is also unable to represent as to the completeness, existence and accuracy of identification and the disclosures of segment information in note 4, revenue in note 5, other income in note 6, loss before tax in note 7, income tax expense in note 8, loss per share in note 9, property, plant and equipment in note 10, inventories in note 12, trade and other receivables in note 13, capital, reserves and dividends in note 14, trade and other payables in note 15, commitments in note 16 and related party transactions in note 17, insofar as the details or information relate to the Deconsolidated Subsidiaries.

2. BASIS OF PREPARATION *(Continued)*

Any adjustments arising from the matters described above would have a consequential significant effect on the net loss of the Group for the six months ended 31 December 2017 and net liabilities of the Group as at 31 December 2017, as well as the elements presented in the interim financial information.

Due to the limited financial information available and the non-cooperation of the management of the Deconsolidated Subsidiaries, the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the genuineness and completeness of books and records and the treatment of various balances as included in the condensed consolidated financial statements for the six months ended 31 December 2017 and have formed the opinion as follows:

As per assessment by the Board based on the information available at this stage, all identified, required adjustments have been put through in the interim financial information for the six months ended 31 December 2017. Since the communication with Mr. Man and Mr. DQ Chen and formal legal procedures are still ongoing, any further adjustments and disclosures, if required, would be made in the interim financial information of the Group as and when the outcome of the above uncertainties is known and the consequential adjustments and disclosures are identified, and would have a consequential effect on the net loss of the Group for the six months ended 31 December 2017 and the net liabilities of the Group as at 31 December 2017.

In August 2017, the legal representative of Lucky Team Hepu passed away. In view of such development, following consultation with the PRC legal advisers, the Company had submitted applications to effect the appointment of a replacement legal representative of Lucky Team Hepu and its directors. Further details are disclosed in the Company's announcement dated 29 September 2017.

The Group thereafter obtained a copy of the business licence of Lucky Team Hepu re-issued by the State Administration for Industry and Commerce (the "**SAIC**") at Beihai City and Hepu County of the PRC, effected changes of the legal representative, board of directors and supervisor of Lucky Team Hepu to the Company's nominated representatives, all of which have taken effect on 28 September 2017 and reflected on public records, and then entered into the premises of Lucky Team Hepu to take physical control and possession of the registered office of Lucky Team Hepu, including the land and buildings occupied by it, and made an inventory record of assets, books and records being held on site. The directors of the Company therefore considered that the Group's effective control over Lucky Team Hepu was resumed since 28 September 2017 and its financial statements would be consolidated into the Group's consolidated financial statements thereafter. Further details are disclosed in the Company's announcement dated 31 October 2017, 30 November 2017 and 28 December 2017.

On 3 January 2017, the Group entered into a sale and purchase agreement with an independent third party to acquire 100% equity interest in Guangxi Hepu Guanhua Agriculture Co. Ltd* (廣西合浦冠華農業有限公司) (the "**Agriculture Company**"), of which the principal activities are cultivation management and sales of oranges, with a total cash consideration of RMB1,000,000 (the "**Agriculture Company Acquisition**"). Prior to the Agriculture Company Acquisition, the Agriculture Company had entered into a cooperation agreement (the "**Cooperation Agreement**") with Lucky Team Hepu on 1 December 2016 for a term of 30 years that the Agriculture Company would contribute fertilizers, pesticides and labour while Lucky Team Hepu would contribute the land, trees, machinery and the provision of technical support on cultivation and soil management. Under the Cooperation Agreement, the revenue generated from harvested oranges would be shared between the Agriculture Company and Lucky Team Hepu in the proportion of 90% and 10% respectively. On 18 September 2017, the legal title of the equity interests of the Agriculture Company changed to the Company's wholly-owned subsidiary and the legal representative of the Agriculture Company changed to the Company's nominated representative and reflected on public records of the SAIC at Beihai City and Hepu County of the PRC; and the Agriculture Company Acquisition was completed on the same date.

* *For identification purposes only*

2. BASIS OF PREPARATION *(Continued)*

During the six months ended 31 December 2017, the Group incurred loss of approximately RMB217,576,000 and as of that date, the Group's total liabilities exceeded its total assets by approximately RMB437,413,000. In addition, at the request of the Company, the trading of the shares of the Company on the HKEx was suspended with effect from 29 September 2016. The directors of the Company have been unable to represent that all present and contingent liabilities of the Group have been completely identified as abovementioned. These conditions indicate the existence of a material uncertainty which may cast significant doubts on the Group's ability to continue as a going concern.

Notwithstanding the above results, the interim financial information has been prepared on a going concern basis. The validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due. In addition, a substantial shareholder of the Company has confirmed his intention to provide continuing financial support to the Group to enable it to continue as a going concern and to settle its liabilities as and when they fall due for the foreseeable future such that the Group can meet its future working capital and financing requirements.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the interim financial information to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the interim financial information.

Except as disclosed in note 2, 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**") and the applicable disclosure provisions of the Hong Kong Listing Rules.

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 2017, except for the accounting policy changes that are expected to be reflected in the Group's annual financial statements for the year ended 30 June 2018. 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 judgements, 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 2016/17 annual consolidated 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 IFRSs.

The interim financial information is unaudited, but has been reviewed by the Company's Audit Committee.

3. APPLICATION OF NEW AND REVISED IFRSs

This interim financial information has been prepared in accordance with IAS 34, "Interim financial reporting", issued by the IASB, the applicable disclosure provisions of the Listing Rules. All IFRSs effective for the accounting period commencing on 1 July 2017, together with the relevant transitional provisions, have been adopted by the Group in the preparation of this interim financial information throughout the period covered in this report.

The adoption of these new or revised IFRSs had no significant effect on the financial results of the current period. Accordingly, no change in significant accounting policies and no prior period adjustment is required.

The Group has not applied or early adopted the new or revised IFRSs which are relevant to the Group that have been issued but are not yet effective in the preparation of this interim financial information.

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 interim financial information.

4. SEGMENT INFORMATION

The Group manages its business by lines of business. In a manner consistent with the way in which information was reported internally to the Group's chief operating decision maker for the purposes of resources allocation and performance assessment. The Group has one operating segment which was engaged in planting, cultivation and sale of agricultural produce during the six months ended 31 December 2017. No segment information is presented as the agricultural produce was not yet ready to sell during the six months ended 31 December 2017 and the Group was not engaged in any revenue generating activity during the six months ended 31 December 2016.

No customer accounted for 10% or more of the total revenue for both periods.

As majority of the Group's non-current assets and revenue are located in/derived from the PRC, geographical information is not presented.

5. REVENUE

The Group did not generate any revenue from its principal activities for the six months ended 31 December 2017 and 2016.

6. OTHER INCOME

	Six months ended 31 December 2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Management income	**2,391**	–
Interest income	**33**	100
Sundry income	**824**	640
	3,248	740

7. LOSS BEFORE TAX

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

	Six months ended 31 December 2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
(a) Staff costs (including directors' emoluments)		
– salaries, wages and other benefits	**5,657**	4,862
– contributions to defined contribution retirement plans	**138**	104
	5,795	4,966
(b) Other items		
Auditors' remuneration	**701**	697
Depreciation of property, plant and equipment	**4,684**	667
Exchange (gains)/loss, net	**(5,684)**	3,455
Operating lease expenses		
– properties	**1,627**	1,472

8. INCOME TAX EXPENSE

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

(i) Pursuant to the rules and regulations of Bermuda, Cayman Islands and the BVI, the Group is not subject to any income tax in the respective tax jurisdictions.

(ii) No Hong Kong profits tax has been provided for as the Group did not have assessable profits arising in or derived from Hong Kong.

(iii) No PRC enterprise income tax has been provided for as the Group did not have assessable profit in the PRC during the period. Prior to the deconsolidation of the Deconsolidated Subsidiaries, the Group determined its provision for PRC enterprise income tax 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 of the Deconsolidated Subsidiaries in the PRC engaged in qualifying agricultural business were entitled to full exemption of enterprise income tax.

The applicable enterprise income tax rate of the Group's other operating entities comprising the Deconsolidated Subsidiaries in the PRC is 25%.

(iv) 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 upon the distribution of such profits at the rate of 5% for foreign investors or companies incorporated in Hong Kong and at the rate of 10% or for other foreign investors. Pursuant to the grandfathering arrangements of the PRC tax law, dividends receivable by the Group from its subsidiaries in the PRC in respect of the undistributed profits derived prior to 31 December 2007 are exempt from the withholding income tax. At 31 December 2017, no deferred tax liabilities have been recognised in respect of the tax that would be payable on the unremitted profits of the subsidiaries in the PRC derived since 1 January 2008 as the Company is in a position to control the dividend policies of the subsidiaries in the PRC and no distribution of such profits is expected to be declared from the subsidiaries in the PRC in the foreseeable future.

9. LOSS PER SHARE

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

	Six months ended 31 December	
	2017	2016
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Loss		
Loss attributable to owners of the Company used in basic and diluted loss per share calculation	**(195,281)**	(16,658)
Weighted average number of shares	**'000**	'000
Weighted average number of ordinary shares used in basic and diluted loss per share calculation	**1,249,638**	1,249,638

Note:

There were no adjustments for the effects of potential ordinary shares assumed on exercise of outstanding share options in the calculation of diluted loss per share as these potential ordinary shares had anti-dilutive effects.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2017, the Group acquired items of property, plant and equipment with a cost of approximately RMB401,000 (six months ended 31 December 2016: RMB3,824,000). Property, plant and equipment with carrying amounts of approximately RMB102,675,000 were assumed upon re-consolidation of a deconsolidated subsidiary (six months ended 31 December 2016: RMBnil).

On 1 July 2015, the property, plant and equipment with net carrying amount of approximately RMB2,250,979,000, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon the deconsolidated of the Deconsolidated Subsidiaries with effect from 1 July 2015.

11. BIOLOGICAL ASSETS

	Produce (unaudited) RMB'000
At 1 July 2017	–
Addition	6,598
Change in fair value	22,295
At 31 December 2017	28,893

On 1 July 2015, the biological assets with net carrying amount of approximately RMB1,596,782,000, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon the deconsolidated of the Deconsolidated Subsidiaries with effect from 1 July 2015.

12. INVENTORIES

	31 December 2017 (unaudited) RMB'000	30 June 2017 (audited) RMB'000
Raw materials	**3,434**	6,450
Finished goods	**2,069**	2,443
	5,503	8,893

On 1 July 2015, the inventories of approximately RMB106,033,000, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015.

13. TRADE AND OTHER RECEIVABLES

	31 December 2017 (unaudited) RMB'000	30 June 2017 (audited) RMB'000
Other receivables, deposits and prepayments	**4,275**	2,862

On 1 July 2015, the trade and other receivables of approximately RMB194,535,000, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015.

14. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Number of shares	HKD'000	RMB'000
Authorised:			
Ordinary shares of HKD0.01 each At 30 June 2017 (audited) and 31 December 2017 (unaudited)	2,000,000,000	20,000	20,900
Issued and fully paid:			
At 30 June 2017 (audited) and 31 December 2017 (unaudited)	1,249,637,884	12,496	12,340

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally in regard to the Company's residual assets.

14. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends

The directors of the Company do not declare the payment of any interim dividend in respect of the six-month periods ended 31 December 2017 and 2016.

(c) Capital management

The Group manages its capital to ensure that the Group has sufficient liquidity to support the operations and development while maximising the value of shareholders. The Group's overall strategy remains unchanged from the prior year.

The Group regards total equity presented on the face of the condensed consolidated statement of financial position as capital for capital management purpose.

Management of the Group reviews its capital structure periodically by assessing budgets of major projects taking into account the provision of funding. The Group is not subject to externally imposed capital requirements.

15. TRADE AND OTHER PAYABLES

	31 December 2017 (unaudited) RMB'000	30 June 2017 (audited) RMB'000
Trade payables	**144**	–
Other payables and accruals	**10,022**	4,104
Amounts due to Deconsolidated Subsidiaries	**571,442**	237,514
	581,608	241,618

On 1 July 2015, the trade and other payables of approximately RMB136,310,000, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015.

The balances of other payables and accruals are expected to be settled within one year or are repayable on demand.

15. TRADE AND OTHER PAYABLES *(Continued)*

The ageing analysis of trade payables by invoice date is as follows:

	31 December 2017 (unaudited) RMB'000	30 June 2017 (audited) RMB'000
Less than 3 months	144	–
3 to 6 months	–	–
6 to 12 months	–	–
Over 1 year	–	–
	144	–

16. COMMITMENTS

Operating lease commitments

At 31 December 2017, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	31 December 2017 (unaudited) RMB'000	30 June 2017 (audited) RMB'000
Within 1 year	6,040	3,072
After 1 year but within 5 years	12,418	1,278
After 5 years	81,473	–
	99,931	4,350

Operating lease payments represent rental payable by the Group for certain premises and land on which the plantations are situated. The leases of premises are negotiated for initial terms of three years. The leases for plantation bases are negotiated for a term of 50 years expiring in 2050. None of the leases include contingent rentals.

17. RELATED PARTY TRANSACTIONS

(a) Balances with related parties

Details of the balances with the Deconsolidated Subsidiaries at the end of reporting period are set out in note 15.

(b) Compensation of key management personnel

	Six months ended 31 December	
	2017	2016
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Short-term employee benefits	**2,497**	2,023
Contributions to defined contribution retirement plans	**8**	8
	2,505	2,031

Total remuneration is included in staff costs (see note 7(a)).

18. ACQUISITION OF A SUBSIDIARY

On 3 January 2017, the Group entered into a sale and purchase agreement with an individual, who to the Company's directors' best knowledge, information, believe and having made all reasonable enquiries, is an independent third party to the Group, to acquire 100% equity interests in the Agriculture Company with a total cash consideration of RMB1,000,000. The Agriculture Company is principally engaged in the operation of cultivation management and sale of oranges.

Prior to the Agriculture Company Acquisition, the Agriculture Company entered into the Cooperation Agreement with Lucky Team Hepu on 1 December 2016 for a term of 30 years that the Agriculture Company would contribute fertilizers, pesticides and labour while Luck Team Hepu would contribute the land, trees, machinery and the provision of technical support on cultivation and soil management. Under the Cooperation Agreement, the revenue generated from harvested oranges would be shared between the Agriculture Company and Lucky Team Hepu in the proportion of 90% and 10% respectively.

On 3 January 2017, consideration of RMB100,000 was paid and the remaining balance of RMB900,000 was settled on 18 May 2017 in accordance with the terms of the sale and purchase agreement of the Agriculture Company Acquisition. On 18 September 2017, the legal title of the equity interests of the Agriculture Company changed to the Company's wholly-owned subsidiary and the legal representative of the Agriculture Company also changed to the Company's nominated representative and both of the above were reflected on public records of SAIC of Beihai City and Hepu County of the PRC; the directors of the Company are of the opinion that the Agriculture Company Acquisition was completed on the same date (the "**Acquisition Date**").

18. ACQUISITION OF A SUBSIDIARY *(Continued)*

The provisional value of the identifiable assets and liabilities acquired were recognised as at the Acquisition Date are as follows:

	RMB'000
Inventories	4,858
Amount due from Lucky Team Hepu	4,574
Cash and cash equivalents	17,158
Trade and other payables	(3,722)
Net assets acquired	22,868
Gain on bargain purchase:	
Consideration transferred	1,000
Less: Provisional value of identifiable net assets acquired	(22,868)
Provisional gain on bargain purchase	(21,868)
Net cash inflow:	
Cash and cash equivalents acquired	17,158

As at the date of approval for issuance of this interim financial information, the initial accounting for the Agriculture Company Acquisition has not been completed and hence disclosures concerning transactions that are recognised separately from the acquisition of assets and assumption of liabilities in the business combination could not be disclosed.

19. RE-CONSOLIDATION OF A DECONSOLIDATED SUBSIDIARY

As disclosed in the Company's announcement dated 31 October 2017, (i) the Company obtained a copy of the business licence of Lucky Team Hepu re-issued by the SAIC at Beihai City and Hepu County of the PRC; (ii) the change of the legal representative, board of directors and supervisor of Lucky Team Hepu to the Company's nominated representatives was effected on 28 September 2017 and reflected on public records of the SAIC at Beihai City and Hepu County of the PRC; and (iii) the Company then occupied and took control over the registered office of Lucky Team Hepu located at No. 51 Mingyuan South Road, Lianzhou Town, Hepu County, Beihai City, Guangxi Zhuang Autonomous Region, the PRC* (中國廣西壯族自治區北海市合浦縣廉明鎮明園南路51號) (the "**Office**") and made an inventory record of assets and books and records being located therein. The directors of the Company therefore considered that the Group's control over Lucky Team Hepu was resumed since 28 September 2017 and its financial statements has been consolidated into that of the Group since then.

* *For identification purpose only*

19. RE-CONSOLIDATION OF A DECONSOLIDATED SUBSIDIARY *(Continued)*

The Group engaged a professional firm of registered accountants in the PRC to reconstruct the books and records of Lucky Team Hepu based on the books and records located in the Office. The Board considers that it has used its best effort to retrieve all available supporting documents for the accounting records of Lucky Team Hepu.

Following the Group resuming control over Lucky Team Hepu on 28 September 2017, the Group recognised the provisional value of the following assets and liabilities which were based on historical cost of net carrying amounts of the assets and liabilities for which the available accounting records could be reconstructed: (a) property, plant and equipment, comprised of machinery and equipment, land and buildings, farmland infrastructure and machinery and orange trees classified as bearer plants under IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture", which were derived based on the physical counts, land and building certificate located in the Office, fixed assets register and valuation reports; (b) cash and bank balances were mainly derived based on the bank statements at 28 September 2017; and (c) amount due from the Company, amount due to the Agriculture Company and amounts due to the Deconsolidated Subsidiaries which were derived based on the accounting vouchers located in the Office, the statutory audited financial statements of Lucky Team Hepu for the year ended 31 December 2016 issued by a firm of Certified Public Accountants registered in the PRC and available information of the Company and the Agriculture Company.

The provisional value of the identifiable assets and liabilities resumed are as follows:

	RMB'000
Property, plant and equipment	
– Bearer plants	52,950
– Others	49,725
Amount due from the Company	31,072
Cash and bank balances	4,109
Amount due to the Agriculture Company	(4,574)
Amounts due to the Deconsolidated Subsidiaries	(365,000)
Net liabilities assumed	(231,718)

Net cash inflow on re-consolidation of a deconsolidated subsidiary:

Cash and bank balances assumed	4,109

Upon the Group resumed recording the above assets and liabilities on 28 September 2017, the resulting loss of approximately RMB231,718,000 is recognised in the condensed consolidated statement of profit or loss for the six months ended 31 December 2017.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017 the interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "**SFO**")) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "**HKEx**"), pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), are set out below:

		Number of ordinary shares held					
Name of Directors/ Chief Executive	Class of shares	Personal interests	Family interests	Corporate interests	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital
Mr. Ng Ong Nee	Ordinary shares	–	–	179,252,394 *(Note 1)*	–	179,252,394	14.34%
Dr. Lui Ming Wah, PhD, SBS JP	Share options	–	–	–	500,000 *(Note 2)*	500,000	0.04%
Mr. Yang Zhen Han	Share options	–	–	–	500,000 *(Note 3)*	500,000	0.04%

Notes:

(1) The corporate interests of 179,252,394 shares are owned by Changjiang Tyling Management Company Limited ("**Changjiang Tyling**"), a company 50% owned by Mr. Ng Ong Nee, the Company's Chairman, an Executive Director and Chief Executive Officer.

(2) 500,000 shares would be allotted and issued to Dr. Lui Ming Wah, PhD, SBS JP, an Independent Non-executive Director ("**INED**"), upon his exercise in full of the share options granted to him under a post listing share option scheme adopted by the Company on 2 November 2009 and becoming effective upon the commencement of dealings of the shares on the HKEx on 26 November 2009 (the "**Post Listing Share Option Scheme**"). These share options, all of which remained exercisable as at 31 December 2017, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 20 May 2018. These share options lapsed on 26 May 2018.

(3) 500,000 shares would be allotted and issued to Mr. Yang Zhen Han, an INED, upon his exercise in full of the share options granted to him under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 31 December 2017, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018. These share options lapsed on 26 May 2018.

Save as disclosed above, none of the Directors, the Chief Executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of SFO) as at 31 December 2017 as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the HKEx pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, so far as is known to the Directors, the persons or companies (other than the Directors and the Chief Executive of the Company) who/which had an interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Number of shares held	Approximate percentage of interest in the issued share capital of the Company
Changjiang Tyling *(Note 1)*	179,252,394	14.34%
Mr. Ng Ong Nee *(Note 1)*	179,252,394	14.34%

Notes:

(1) Changjiang Tyling is 50% owned by Mr. Ng Ong Nee and 50% owned by a third party independent to the Company and its connected persons. Mr. Ng Ong Nee (who is also a director of Changjiang Tyling) is deemed to be interested in 179,252,394 shares held by Changjiang Tyling by virtue of the SFO.

(2) The Company had issued share capital of 1,249,637,884 shares on 31 December 2017.

Save as disclosed above, the Directors are not aware of any other persons or companies (other than the Directors and the Chief Executive of the Company) who/which had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register required to be kept by the Company under section 336 of the SFO.

POST LISTING SHARE OPTION SCHEME

The Post Listing Share Option Scheme is the only effective share option scheme of the Company which was adopted by the Company on 2 November 2009 and became effective upon the commencement of dealings of the Shares on the HKEx on 26 November 2009. The purpose of the Post Listing Share Option Scheme is to reward participants who have contributed to the Group and to provide incentives to participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

The Board may, at its discretion and on such terms as it may think fit, grant an option to any participant, including directors (including executive directors, non-executive directors and independent non-executive directors) and full time employees of the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who, the Board considers at its sole discretion, have contributed or will contribute to the development and growth of the Group.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post Listing Share Option Scheme must not exceed 77,055,980 Shares, representing 10 per cent. of the Shares in issue upon listing of the Company on the Main Board of the HKEx. The total number of the Shares issued and to be issued upon exercise of the options granted to each grantee under the Post Listing Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not exceed 1 per cent. of the Shares in issue for the time being unless approval from the shareholders of the Company in general meeting is obtained with such grantee and his/her/its associates abstaining from voting.

The exercisable period of an option under the Post Listing Share Option Scheme will be notified by the Board to each participant which shall not exceed 10 years from the date upon which the option is deemed to be granted and accepted. The Board will determine the minimum period, which shall be no less than one year, for which an option must be held before it becomes exercisable. The grantee is not required to pay any consideration for acceptance of the options.

The subscription price for the Shares payable on the exercise of an option shall be a price determined by the Board at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the HKEx on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the HKEx for the five business days immediately preceding the date of grant; or (iii) the nominal value of the Shares.

The Post Listing Share Option Scheme is valid for a period which commenced on 26 November 2009 and will expire on 1 November 2019.

As at the date of this report, the total number of Shares available for issue under the Post Listing Share Option Scheme shall be 41,220,000, representing approximately 3.30 per cent. of the entire issued share capital of the Company.

Further details regarding the principal terms of the Post Listing Share Option Scheme were included in the Company's listing document dated 23 November 2009 under the section "Appendix IV Statutory and General Information – D. Other Information – I. Share Option Scheme".

Movements of the respective share options granted under the Post Listing Share Option Scheme during the six months ended 31 December 2017 are as follows:

	Number of Underlying Shares comprised in Options								
Name or Category of participants	Balance as at 1 July 2017	Granted during the period	Exercised during the period	Cancelled lapsed during the period	Outstanding as at 31 December 2017	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Directors/ Chief Executive									
Dr. Lui Ming Wah, PhD, SBS JP	500,000	–	–	–	500,000*	27/5/2010	27/5/2011-26/5/2018	HKD5.68	–
Mr. Yang Zhen Han	500,000	–	–	–	500,000*	27/5/2010	27/5/2011-26/5/2018	HKD5.68	–
Employees and others:									
In aggregate	9,464,000	–	–	(2,584,000)	6,880,000*	27/5/2010	27/5/2011-26/5/2018	HKD5.68	–
	16,700,000	–	–	–	16,700,000	28/2/2011	28/2/2012-27/2/2019	HKD9.00	–
	18,370,000	–	–	(1,730,000)	16,640,000	21/5/2015	21/5/2016-20/5/2019	HKD1.47	–
	45,534,000	–	–	(4,314,000)	41,220,000				

* These share options lapsed on 26 May 2018.

Other than as disclosed above, no other share option was granted, cancelled or exercised or lapsed pursuant to the Post Listing Share Option Scheme during the six months ended 31 December 2017 and none of the Directors or Chief Executive of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations within the meaning of the SFO.

PURCHASE, SALE OF 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 of any of such listed securities during the six months ended 31 December 2017.

CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2017, the Directors, where practicable, sought to adopt the corporate governance code (the "**Code**") contained in the Appendix 14 of the Rules Governing the Listing of Securities on the HKEx (the "**Hong Kong Listing Rules**").

The Company has complied with all the Code Provisions of the Code, except for the following deviations:

Code Provision A.2.1

Mr. Ng Ong Nee, an Executive Director and the Chief Executive Officer of the Company, was appointed as Chairman of the Board on 4 August 2015. Since then, the roles of the Chairman and Chief Executive Officer have been performed by same individual, Mr. Ng Ong Nee, and were not separated. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person enables more effective and efficient overall strategic planning for the Group. The Board meets regularly to consider issues related to corporate matters affecting the operations of the Group and considers that the balance of power and authority for such arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high caliber individuals with sufficient number thereof being Independent Non-Executive Directors ("**INEDs**").

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 current 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 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 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 the 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 is subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Code Provisions C.1.1 & C.1.2

The management of certain PRC subsidiaries of the Group did not provide sufficient explanation and information to the Directors to make an informed assessment of financial and other information, nor provide any monthly updates giving a balanced and understandable assessment of those PRC subsidiaries' performance and position to the Directors for their duties under Rule 3.08 and Chapter 13 of the Hong Kong Listing Rules.

During the course of auditing for the previous financial year ended 30 June 2016, the auditors of the Company reported that: (i) a director of a deconsolidated PRC subsidiary of the Group had alleged that there were inaccuracies in the books and records of certain deconsolidated PRC subsidiaries of the Group and (ii) a finance manager of certain deconsolidated PRC subsidiaries of the Group had sent written correspondence to the auditors indicated that certain amounts or balances in the internal records of certain customers or suppliers did not correspond to the internal records of the Group. Subsequently, those management of such deconsolidated PRC subsidiaries of the Group refused to provide information requested by the Directors and senior management of the Company. In order to protect and enforce all the legal rights of the Group, the Company had engaged legal professional in the PRC to handle those disputes issues arisen and there were judgments of certain litigations granted in favour of the Group (the "**Beihai Minority Disputes**"). Those PRC subsidiaries were deconsolidated in the Company's financial statements for the years ended 30 June 2016 and 2017. In late September 2017, the Group regained the control of a PRC major subsidiary, Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) ("**Lucky Team Hepu**"), and retrieved back the financial and legal records of Lucky Team Hepu successfully. As a result, the Company reconsolidated the performance results of Lucky Team Hepu, from 28 September 2017 onwards, in the Group's condensed consolidated financial statements for the six months ended 31 December 2017.

Details of the legal procedures and audit work progress and their updates are disclosed in the Company's announcements dated 29 September 2016, 30 June 2017, 29 September 2017, 31 October 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018 and 29 June 2018 respectively.

Code Provisions C.2.1, C.2.3(b) & C.2.4

Due to the Beihai Minority Disputes, the Directors and senior management of the Company could not access certain financial, legal and administration records of certain deconsolidated PRC subsidiaries, except Lucky Team Hepu which was retrieved back in late September 2017 and its results would be reconsolidated to the Group in this financial year as mentioned in the aforesaid paragraph, which affected the execution of annual review under the previous internal control system of the Group. As mentioned in the aforesaid paragraph, the Company had engaged legal professional in the PRC in order to protect and enforce all the legal rights of the Group and to obtain copies of the relevant documents as a shareholder of those deconsolidated PRC subsidiaries.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct for dealings in its securities. Following a specific enquiry made to 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 2017.

* *For identification purposes only*

CHANGES IN THE COMPOSITION OF THE BOARD

There was no change in the composition of the Board during the six months ended 31 December 2017 and up to the date of this report.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises three INEDs, Mr. Chung Koon Yan acts as chairman of the committee with Dr. Lui Ming Wah, PhD, SBS JP and Mr. Yang Zhen Han 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 the primary responsibility for reviewing the effectiveness of the Company's financial control, internal control and risk management systems and ensuring that the financial performance of the Company is properly measured and reported on, receiving and reviewing reports from management relating to the interim financial statements, and monitoring the accounting, internal control and risk management systems in use throughout the Group for the six months ended 31 December 2017.

The Audit Committee has reviewed with the management regarding the accounting principles and practices adopted by the Group and has also discussed the internal control and financial reporting matters, including the review of the Group's unaudited consolidated financial statements and interim report for the six months ended 31 December 2017.

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, the HKEx (www.hkex.com.hk).

By Order of the Board
Asian Citrus Holdings Limited
Ng Ong Nee
Chairman

Hong Kong, 12 July 2018

COMPANY INFORMATION

DIRECTORS

Executive Directors
Mr. NG Ong Nee *(Chairman and Chief Executive Officer)*
Mr. NG Hoi Yue *(Deputy Chief Executive Officer)*

Non-executive Director
Mr. HE Xiaohong

Independent Non-executive Directors
Mr. CHUNG Koon Yan
Dr. LUI Ming Wah, PhD, SBS JP
Mr. YANG Zhen Han

COMPANY SECRETARY

Miss NG Ling Ling

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BERMUDA SHARE REGISTRAR

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Bermuda

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STOCK CODE

The Stock Exchange of Hong Kong Limited: 73

WEBSITE

www.asian-citrus.com