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ASIAN CITRUS HOLDINGS LIMITED

亞洲果業控股有限公司*

(Incorporated in Bermuda with limited liability)

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

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 AND RESUMPTION OF TRADING

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

RESULTS HIGHLIGHTS

| | Six months ended | | For illustration only | |
|---|------------------|---------|-----------------------|---------|
| | 31 December | | 31 December | |
| | 2013 | 2012 | 2013 | 2012 |
| | (RMB m) | (RMB m) | (£ m**) | (£ m**) |
| Reported financial information | | | | |
| Revenue | 748.3 | 892.0 | 75.0 | 88.8 |
| Gross profit | 98.8 | 289.5 | 9.9 | 28.8 |
| EBITDA | -471.0 | 272.0 | -47.2 | 27.1 |
| (Loss)/profit attributable to shareholders | -548.0 | 212.4 | -54.9 | 21.1 |
| Basic (loss)/earnings per share | -RMB0.45 | RMB0.17 | -4.5p | 1.7p |
| Interim dividend | - | RMB0.03 | - | 0.3p |
| Special dividend | - | RMB0.02 | - | 0.2p |
| Total dividend | - | RMB0.05 | - | 0.5p |
| Adjusted core financial information# | | | | |
| EBITDA | 118.0 | 309.1 | 11.8 | 30.8 |
| Profit before tax | 45.3 | 255.1 | 4.5 | 25.4 |
| Profit attributable to shareholders | 41.0 | 249.5 | 4.1 | 24.8 |
| Basic earnings per share | RMB0.03 | RMB0.20 | 0.3p | 2.0p |

** Conversion at £1 = RMB9.98 and RMB10.05 for the six months ended 31 December 2013 and 2012 respectively for reference only.

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

RESULTS HIGHLIGHTS *(Continued)*

- Results for the first half year are as anticipated:
 - Total orange production decreased by 8.3% to 147,927 tonnes due to the replanting programme in Hepu Plantation and the inclement weather (six months ended 31 December 2012: 161,233 tonnes).
 - Revenue down by 16.1% to RMB748.3 million (six months ended 31 December 2012: RMB892.0 million).
 - Adjusted core profit attributable to shareholders down by 83.6% to RMB41.0 million (six months ended 31 December 2012: RMB249.5 million) reflecting both the reduction in production volume and average selling price of winter oranges, as well as higher direct costs, as a result of the inclement weather.
 - Net operating activities cash inflow of RMB165.1 million (six months ended 31 December 2012: RMB416.8 million) and cash and cash equivalents of RMB2,108.0 million as at 31 December 2013 (31 December 2012: RMB2,374.4 million).
- Continued development of the third plantation in Hunan. 201,360 grapefruit trees were planted during the period and a further 250,000 grapefruit trees are expected to be planted by 2014.
- In order to maintain production volume, a higher level of direct costs is expected to be incurred in the short term to alleviate the leaching of soil nutrients caused by the heavy rainfall. Given the poor first half year results and these ongoing costs, the Board has decided not to pay an interim dividend; the Board will consider its recommendation for a final dividend in light of the Group's full year performance.

CHAIRMAN'S STATEMENT

As previously highlighted, the past year has been a challenging one, mostly due to the unfortunate adverse weather conditions affecting the plantations. There has been persistent heavy rainfall and major typhoons in the plantation regions and, although there was minimal direct damage to the plantations from the major typhoons, this has caused nutrients to leach from the soil in plantation areas, resulting in higher usage of fertilisers and pesticides to minimise further damage and to maintain the output volume. Aside from the unfavourable weather conditions, there was also negative media coverage, unrelated to Asian Citrus, surrounding dyed oranges being sold in the Gannan areas. These factors impacted our production output and the average selling price of the winter orange crop and profitability.

FINANCIAL HIGHLIGHTS

For the six months ended 31 December 2013, the Group's total revenue decreased by 16.1% to RMB748.3 million from RMB892.0 million in the same period last year. Adjusted core profit attributable to shareholders during the period, before the net loss on the change in fair value of biological assets and share based payments, dropped by 83.6% to RMB41.0 million from RMB249.5 million, primarily reflecting both the reduction in production volume and average selling price of winter oranges, as well as higher direct costs, as a result of inclement weather.

The Group recorded a loss of RMB583.0 million from the change in fair value of biological assets for the six months ended 31 December 2013, compared with a loss of RMB23.0 million for the six months ended 31 December 2012; the Board wishes to emphasise that the change in the fair value of biological assets is non-operational and does not have any impact on the Group's cash flow.

After taking into account the non-cash flow items of the net change in fair value of biological assets and share-based payments, the net loss for the period was RMB548.0 million.

OPERATIONAL REVIEW

The Group's three plantations in mainland China occupy a total area of approximately 103.3 square kilometres with two currently in operation: Hepu Plantation in Guangxi Zhuang Autonomous Region ("Guangxi") and Xinfeng Plantation in Jiangxi Province. Our third plantation in Hunan Province, Hunan Plantation remains on schedule to begin production in 2014.

For the six months ended 31 December 2013, the production yield at the Hepu Plantation decreased by 24.8% to 24,699 tonnes in comparison to 32,838 tonnes for the same period last year. This was mainly due to the replanting programme to replace the existing winter orange trees which was completed when the last batch of 48,058 winter orange trees were removed and replanted with approximately 221,769 banana trees. The gross profit margin for Hepu Plantation decreased from 41.5% for the same period last year to 25.3% this period, as a result of a small decrease in the average selling price of 3.7% compared with the same period last year, and the additional direct costs incurred resulting from the inclement weather.

The production yield for the six months ended 31 December 2013 at the Xinfeng Plantation was 123,228 tonnes compared with 128,395 tonnes for the same period last year, a decrease of 4%. The gross profit margin for Xinfeng Plantation decreased from 33.4% for the same period last year to 2.9% this period. The cost of maintaining the trees and plantations are fixed and when applied against a lower turnover this has severely impacted the gross profit margin. This has been further affected by i) the persistent heavy rainfall, which not only affected the growth of the winter orange crop but also caused some leaching of soil nutrients in the Xinfeng Plantation, resulting in a higher volume of fertilisers and pesticides being consumed during the period in order to maintain output levels, and ii) dyed oranges being sold in the Gannan areas which negatively impacted the selling prices of the Xinfeng Plantation winter orange crop, resulting in a 17% decrease compared to the same period last year.

CHAIRMAN'S STATEMENT (*Continued*)

Through our 92.94% equity interest in Behai BPG we also operate two fruit processing plants in Beihai City and Hepu County in Guangxi, covering a total site area of nearly 110,000 square metres, and have an annual production capacity of around 60,000 tonnes with an average utilisation rate of 90.6% for the six months ended 31 December 2013.

The Group will be increasing overall production capacity with a third plant in Baise City, Guangxi, which is scheduled to commence operations in 2014, after successfully completing trial productions. It normally takes between three to five years for a new plant to achieve full capacity and, therefore, it is expected that the utilisation rate of the new plant in the first year of full operation will not be as high as the two existing plants.

OUTLOOK AND STRATEGY

It remains too early in the financial year to judge the materiality of the challenges highlighted above to the Group's likely full year performance, which in the second half year will reflect the price achieved for the Group's summer orange crop and the impact of weather on the volume of fertilisers and pesticides used by the Group. In this respect, in order to maintain production volume we do expect a higher level of direct costs to be incurred in the short term to alleviate the leaching of soil nutrients caused by the heavy rainfall.

Given the first half year results and these costs, the Board has decided not to pay an interim dividend; the Board will consider its recommendation for a final dividend in light of the Group's full year performance.

Since founding Asian Citrus in 2000, as the Chairman and Chief Executive Officer of the Group, with the generous support of my colleagues I have continually strengthened and developed our business to become the single largest orange producer in the market over the years; we have also taken steps to successfully diversify our product portfolio through the introduction of processed fruits and, more recently, a wider range of crops. I have decided that now is the right time for new leadership to take the Group forward and we are actively seeking a suitable candidate, who is well versed and experienced in China's business environment as well as international capital markets, to lead the Group to a new era. We will update our shareholders on this in due course.

Last but not least, on behalf of the Board I would like to take this opportunity to express my gratitude and appreciation to our management team and employees for their continued valuable contributions. It has been my utmost pleasure to have worked with everyone involved with Asian Citrus. Although we have faced and overcome challenges over the past years, our fundamentals continue to be sound and I remain confident in the Group's future performance.

TONY TONG

Chairman

26 February 2014

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING PERFORMANCE

Revenue

The breakdown of revenue by types is as follows:

| | For the six months ended 31 December | | | |
|------------------------------------|--------------------------------------|---------------------------|----------------|---------------------------|
| | 2013 | | 2012 | |
| | <i>RMB'000</i> | <i>% of total revenue</i> | <i>RMB'000</i> | <i>% of total revenue</i> |
| Hepu Plantation | 93,634 | 12.5% | 129,441 | 14.5% |
| Xinfeng Plantation | 375,273 | 50.1% | 470,753 | 52.8% |
| Sales of oranges | 468,907 | 62.6% | 600,194 | 67.3% |
| Sales of processed fruits | 279,426 | 37.4% | 290,243 | 32.5% |
| Sales of self-bred saplings | - | - | 1,608 | 0.2% |
| Total revenue | 748,333 | 100.0% | 892,045 | 100.0% |

The Group's revenue decreased by approximately 16.1% from approximately RMB892.0 million for the corresponding period of last year to approximately RMB748.3 million for the six months ended 31 December 2013.

Sales of oranges

Revenue from sales of oranges decreased by approximately 21.9% to approximately RMB468.9 million for the six months ended 31 December 2013. This was mainly due to a decrease of approximately 8.3% in the Group's production to 147,927 tonnes, combined with an approximately 14.8% decrease in average selling price.

The production yield from Hepu Plantation decreased by approximately 24.8% from 32,838 tonnes for the corresponding period of last year to 24,699 tonnes for the six months ended 31 December 2013, due to the replanting programme to replace the existing winter orange trees in the last year. In the previous year, 48,058 winter orange trees were removed and replanted with approximately 221,769 banana trees.

The production yield from Xinfeng Plantation decreased by approximately 4% from 128,395 tonnes for the corresponding period of last year to 123,228 tonnes for the six months ended 31 December 2013, due to the inclement weather and persistent heavy rainfall, which not only affected the growth of the winter orange crop but also resulted the leaching of nutrients from the soil in Xinfeng Plantation. Higher volumes of fertilisers and pesticides were consumed during the period in order to maintain output levels.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

| | For the six months ended 31 December | |
|--------------------|--------------------------------------|---------------------|
| | 2013 (RMB/tonne) | 2012 (RMB/tonne) |
| Hepu Plantation | 3,863 | 4,013 |
| Xinfeng Plantation | <u>3,137</u> | <u>3,776</u> |

The average selling prices of winter orange crop in both Hepu Plantation and Xinfeng Plantation decreased by approximately 3.7% and 16.9% respectively for the six months ended 31 December 2013. This was mainly due to a significant increase in overall market supply of winter oranges in the Gannan areas (where Xinfeng Plantation is located) compared to the comparable last period. This resulted from an increase in the average maturity and yield of orange trees reaching the peak level across the region. Additionally, the local media reported that dyed oranges in Gannan areas were sold in the Gannan areas. The incident, which was unrelated to Asian Citrus, has affected customer confidence in the domestic orange market as a whole and, in particular, the oranges from Jiangxi province, which has had a negative impact in selling prices of winter orange crop for Xinfeng Plantation.

All of the Group's oranges were sold domestically. The Group's customers from the sales of oranges can be divided into three categories, namely corporate customers, wholesale customers, and supermarket chains. The breakdown of types of customers is as follows:

| | For the six months ended 31 December | |
|---------------------|---|---------------|
| | 2013 % of sales of oranges | 2012 |
| Supermarket chains | 22.1% | 26.1% |
| Corporate customers | 48.0% | 49.9% |
| Wholesale customers | 29.4% | 23.6% |
| Other | <u>0.5%</u> | <u>0.4%</u> |
| Total | <u>100.0%</u> | <u>100.0%</u> |

For the six months ended 31 December 2013, the volume and revenue from supermarket chains represented approximately 19.3% and 22.1% respectively of the Group, compared to approximately 23.2% and 26.1% respectively for the corresponding period of last year; this percentage decrease reflects the inclement weather's disproportionate impact on the yield of higher quality oranges in the first half of the current year.

For Hepu Plantation and Xinfeng Plantation, the volume sold to supermarkets was 7,116 tonnes and 21,434 tonnes respectively for the six months ended 31 December 2013, down from 10,524 tonnes and 26,901 tonnes respectively for the corresponding period of last year. The decrease in Hepu Plantation and Xinfeng Plantation was mainly due to the lower production yield of winter oranges for the six months ended 31 December 2013. Also, starting from last year, the Group has supplied several major domestic and international supermarket chains with graded oranges through sizeable distributors instead of direct sales to supermarkets.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Group sells two types of oranges to customers, namely ungraded oranges and graded oranges. Ungraded oranges are packaged and the customers are required to arrange for the transportation of the oranges at their cost. Generally, the ungraded oranges are sold to wholesale customers. Graded oranges are oranges that the Group grades, packages and delivers to the customers at our cost, usually to supermarket customers. The graded oranges are sold under our own brand “Royal Star” to supermarket customers at a premium price compared to the selling price of ungraded oranges. The breakdown of types of oranges is as follows:

| | For the six months ended 31 December | |
|------------------|---|--------|
| | 2013 | 2012 |
| | <i>% of sales of oranges</i> | |
| Ungraded oranges | 94.1% | 88.7% |
| Graded oranges | 5.9% | 11.3% |
| Total | 100.0% | 100.0% |

Sales of processed fruits

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

| | For the six months ended 31 December | | | |
|--|---|----------------------------|----------------------------|----------------------------|
| | 2013 | | 2012 | |
| | <i>Volume (Tonnes)</i> | <i>Revenue RMB'000</i> | <i>Volume (Tonnes)</i> | <i>Revenue RMB'000</i> |
| Pineapple juice concentrates | 5,442 | 49,699 | 6,954 | 73,344 |
| Lychee juice concentrates | 2,282 | 38,984 | 2,179 | 30,653 |
| Other fruit juice concentrates | 2,439 | 44,760 | 2,939 | 51,173 |
| Mango purees | 6,814 | 43,569 | 6,401 | 39,127 |
| Other fruit purees | 4,108 | 45,032 | 3,125 | 23,114 |
| Frozen and dried fruits and vegetables | 7,802 | 57,382 | 7,626 | 59,984 |
| | 28,887 | 279,426 | 29,224 | 277,395 |
| Fruit juice trading | N/A | - | N/A | 12,848 |
| Total | 28,887 | 279,426 | 29,224 | 290,243 |

Beihai BPG processes over 22 different types of tropical fruits, including pineapples, passion fruits, lychees, mangoes and papayas (products that account for over 10% of the revenue from the sales of processed fruits are shown in the table above).

Revenue from sales of processed fruits decreased by approximately 3.7% from approximately RMB290.2 million for the corresponding period of last year to approximately RMB279.4 million for the six months ended 31 December 2013. Like for like sales of processed fruits, excluding discontinued fruit juice trading, was slightly ahead of the comparable period; lower sales of pineapple juice concentrates, primarily reflecting the negative impact on average prices of destocking activities by Thailand and the Philippines producers in previous years, were offset by increased revenues across most other fruit concentrates.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The average utilisation rate of two operating processing plants in Beihai and Hepu was approximately 90.6% for the six months ended 31 December 2013.

Beihai BPG currently generates most of its sales from the People's Republic of China ("PRC") market, with key customers being beverage mixers supplying major beverage groups.

Cost of sales

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

| | For the six months ended 31 December | | | |
|--|--------------------------------------|---|----------------|---|
| | 2013 | | 2012 | |
| | <i>RMB'000</i> | <i>% of cost of sales of respective segment</i> | <i>RMB'000</i> | <i>% of cost of sales of respective segment</i> |
| Inventories used | | | | |
| Fertilisers | 242,849 | 55.9% | 217,164 | 55.8% |
| Packaging materials | 10,212 | 2.3% | 13,659 | 3.5% |
| Pesticides | 58,460 | 13.5% | 37,804 | 9.7% |
| | <u>311,521</u> | <u>71.7%</u> | <u>268,627</u> | <u>69.0%</u> |
| Production overheads | | | | |
| Direct labour | 48,020 | 11.1% | 41,866 | 10.8% |
| Depreciation | 49,788 | 11.5% | 47,199 | 12.1% |
| Others | 24,838 | 5.7% | 31,722 | 8.1% |
| | <u>122,646</u> | <u>30.3%</u> | <u>119,787</u> | <u>31.0%</u> |
| Cost of sales of oranges | <u>434,167</u> | <u>100.0%</u> | <u>389,414</u> | <u>100.0%</u> |
| Fruits | 142,438 | 66.1% | 141,398 | 66.7% |
| Packaging materials | 16,611 | 7.7% | 17,447 | 8.2% |
| Direct labour | 16,686 | 7.7% | 13,196 | 6.2% |
| Other production overheads | 39,676 | 18.5% | 40,079 | 18.9% |
| | <u>215,411</u> | <u>100.0%</u> | <u>212,120</u> | <u>100.0%</u> |
| Cost of sales of processed fruits | <u>215,411</u> | <u>100.0%</u> | <u>212,120</u> | <u>100.0%</u> |
| Cost of sales of self-bred saplings | <u>-</u> | | <u>1,018</u> | |
| Total | <u>649,578</u> | | <u>602,552</u> | |

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Cost of sales of oranges principally consists of the costs of raw materials such as fertilisers, packaging materials, pesticides, and other direct costs such as direct labour, depreciation and production overheads. The cost of sales of oranges increased by approximately 11.5% to approximately RMB434.2 million (six months ended 31 December 2012: RMB389.4 million). The increase in cost of sales was mainly due to the increase in consumption of both fertilisers and pesticides to minimise further damage in order to maintain output levels, as a result of the inclement weather and persistent heavy rainfall and the higher labour costs incurred due to general wage inflation in the PRC. As a result, the unit cost of production in Hepu Plantation and Xinfeng Plantation increased to approximately RMB2.83 per kg and RMB2.96 per kg respectively for the six months ended 31 December 2013 (six months ended 31 December 2012: RMB2.31 per kg and RMB2.44 per kg respectively).

Cost of sales of processed fruits mainly includes the costs of fruits and packaging materials and other direct costs such as direct labour and production overheads. For the six months ended 31 December 2013, the cost of sales of processed fruits was broadly flat at approximately RMB215.4 million compared to the same period last year at approximately RMB212.1 million.

Gross profit

The Group's overall gross profit decreased by approximately 65.9% to approximately RMB98.8 million for the six months ended 31 December 2013 (six months ended 31 December 2012: RMB289.5 million). The overall gross profit margin decreased from approximately 32.5% to 13.2% for the six months ended 31 December 2013.

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

| | For the six months ended 31 December | |
|--------------------|---|-------|
| | 2013 | 2012 |
| Hepu Plantation | 25.3% | 41.5% |
| Xinfeng Plantation | 2.9% | 33.4% |

The gross profit margin of Hepu Plantation and Xinfeng Plantation decreased to approximately 25.3% and 2.9% respectively for the six months ended 31 December 2013 (six months ended 31 December 2012: 41.5% and 33.4% respectively). The decrease was mainly due to (i) the average selling prices of winter orange crop in Hepu Plantation and Xinfeng Plantation dropped by approximately 3.7% and 16.9% respectively; and (ii) the cost of sales of oranges increased by approximately 11.5%, reflecting the increase in consumption of both fertilisers and pesticides to minimise further damage in order to maintain output levels, as a result of the inclement weather and persistent heavy rainfall.

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

| | For the six months ended 31 December | |
|-----------------------------|---|-------|
| | 2013 | 2012 |
| Sales of oranges | 7.4% | 35.1% |
| Sales of processed fruits | 22.9% | 26.9% |
| Overall gross profit margin | 13.2% | 32.5% |

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Due to higher contribution from Xinfeng Plantation with a relatively lower margin and the decrease of gross profit margin in both Hepu Plantation and Xinfeng Plantation, the overall gross profit margin from sales of oranges dropped to approximately 13.2% (six months ended 31 December 2012: 32.5%) for the six months ended 31 December 2013.

For Beihai BPG, the normalised gross profit margin for the six months ended 31 December 2013 decreased to approximately 22.9% (six months ended 31 December 2012: 26.9%). This was mainly due to the overall lower selling price.

Change in fair value of biological assets

The Group recorded a loss of RMB583.0 million from the change in fair value of biological assets for the six months ended 31 December 2013, compared to a loss of RMB23.0 million for the corresponding period of last year. The loss was mainly due to higher cost of sales and a decrease in the market price of winter oranges. The Board wishes to emphasise that the change in fair value of biological assets is non-operational and does not have any effect on the cash flow of the Group for the six months ended 31 December 2013.

Selling and distribution expenses

Selling and distribution expenses mainly comprise sales commissions, advertising, salaries and welfare of sales personnel, traveling and transportation expenses. The selling and distribution expenses of the Group increased by 4.8% from approximately RMB20.8 million for the six months ended 31 December 2012 to approximately RMB21.8 million for the six months ended 31 December 2013, mainly due to an increase of transportation costs in Hepu Plantation resulting from sales to existing supermarket chains requiring a longer distance of transportation during the period.

General and administrative expenses

General and administrative expenses comprise mainly salary, office administration expenses, depreciation, amortisation and research costs. The level of general and administrative expenses of the Group were flat at approximately RMB59.5 million for the six months ended 31 December 2013 compared to the last corresponding period of approximately RMB59.0 million.

General and administrative expenses represented approximately 7.9% of the Group's revenue, an increase of 1.3 percentage points as compared to approximately 6.6% in last corresponding period, mainly due to lower group revenue. Expenses incurred during the period included those from the commencement of trial production of the new fruit processing plant in Baise City, Guangxi.

Loss for the period

The loss attributable to shareholders for the six months ended 31 December 2013 increased to approximately RMB548.0 million, compared to profit attributable to shareholders of approximately RMB212.4 million for last corresponding period.

The adjusted core profit attributable to shareholders, which refers to loss for the period excluding net change in fair value of biological assets and share-based payments, for the six months ended 31 December 2013 was approximately RMB41.0 million, compared to approximately RMB249.5 million for the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

DIVIDEND

In order to maintain production volume, a higher level of direct costs is expected to be incurred in the short term to alleviate the leaching of soil nutrients caused by the heavy rainfall. Given the poor first half year results and these ongoing costs, the Board has decided not to pay an interim dividend; the Board will consider its recommendation for a final dividend in light of the Group's full year performance.

The Board therefore does not recommend the payment of an interim dividend for the six months ended 31 December 2013 (six months ended 31 December 2012: interim dividend of RMB0.03 and special dividend of RMB0.02 per ordinary share).

CAPITAL STRUCTURE

As at 31 December 2013, there were 1,249,637,884 shares in issue. Based on the closing price of HKD2.13 as at 31 December 2013, the market capitalisation of the Company was approximately HKD2,661.7 million (approximately GBP208.6 million).

HUMAN RESOURCES

There were a total of 1,329 employees of the Group as at 31 December 2013. The Group aims to attract, retain and motivate high-calibre individuals with a competitive remuneration package. Remuneration packages are performance-linked and business performance, market practices and competitive market conditions are all taken into consideration. The Group reviews the employees' remuneration packages on an annual basis.

FINANCIAL PERFORMANCE

| | | |
|--|-------------------------|------------------|
| | 31 December 2013 | 30 June 2013 |
| Current ratio (x) | 26.32 | 23.62 |
| Quick ratio (x) | 24.82 | 21.14 |
| Net debt to equity (%) | Net cash | Net cash |
| | 31 December 2013 | 31 December 2012 |
| Asset turnover (x) | 0.10 | 0.11 |
| Adjusted core net profit per share (RMB) | 0.03 | 0.20 |
| Basic (loss)/earnings per share (RMB) | -0.45 | 0.17 |

Liquidity

The current ratio and quick ratio were 26.32 and 24.82 respectively. The liquidity of the Group remained healthy with sufficient reserves for both current operation and future development.

Profitability

The asset turnover of the Group dropped to approximately 0.10 (six months ended 31 December 2012: 0.11) for the six months ended 31 December 2013. The decline in the ratio was mainly due to reduction in the revenue for the period as detailed previously.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The basic loss per share for the six months ended 31 December 2013 was approximately RMB0.45 (six months ended 31 December 2012: basic earnings per share of RMB0.17). This was mainly due to a decrease in profit attributable to shareholders for the period.

The adjusted core net profit per share for the six months ended 31 December 2013 was approximately RMB0.03 (six months ended 31 December 2012: RMB0.20), representing a decrease of approximately 85.0%.

Debt ratio

The net cash positions of the Group were approximately RMB2,108.0 million and RMB2,141.2 million at 31 December 2013 and 30 June 2013 respectively.

Internal cash resource

The Group's funding is internal cash and cash equivalents. The Group did not have any outstanding borrowings as at 31 December 2013.

Charge on assets and contingent liabilities

None of the Group's assets were pledged and the Group did not have any material contingent liabilities as at 31 December 2013.

Capital commitment

As at 31 December 2013, the Group had a capital commitment of approximately RMB12.9 million mainly in relation to the construction of the farmland infrastructure in the Hepu Plantation, Hunan Plantation and the new fruit processing plant in Basie City.

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 operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars, United States dollars and British pounds.

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

PLANTATIONS

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Hepu Plantation

Hepu Plantation is fully planted and comprises approximately 1.2 million orange trees. The last batch of 48,058 winter orange trees were removed according to the replanting programme and we commenced a trial planting of banana trees in the same area for product diversification. A total of approximately 221,769 banana trees were planted in August 2013. The first harvest of banana is expected in August to September 2014.

Xinfeng Plantation

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

Hunan Plantation

Hunan Plantation is under development and comprises approximately 1.05 million summer orange trees and approximately 502,560 grapefruit trees as at 31 December 2013. A further approximately 250,000 grapefruit trees are expected to be planted by 2014. By that time, the construction of Hunan Plantation is expected to be completed.

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

Summer orange trees

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

Grapefruit trees

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Banana trees

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

Winter orange trees

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

The below table sets out the age profile as at 31 December 2012 and the production volume of the plantations for the six months ended 31 December 2012:

Summer orange trees

| Age | Hepu | Hepu | Hunan | Hunan | Total | Total |
|-----|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|
| | Plantation | Plantation | Plantation | Plantation | | |
| | <i>No. of trees</i> | <i>Yield (tonnes)</i> | <i>No. of trees</i> | <i>Yield (tonnes)</i> | <i>No. of trees</i> | <i>Yield (tonnes)</i> |
| 0 | — | — | 129,177 | — | 129,177 | — |
| 1 | 66,449 | — | 622,475 | — | 688,924 | — |
| 2 | 63,584 | — | 427,400 | — | 490,984 | — |
| 3 | 64,194 | — | — | — | 64,194 | — |
| 4 | 81,261 | — | — | — | 81,261 | — |
| 5 | 76,135 | — | — | — | 76,135 | — |
| 6 | 55,185 | — | — | — | 55,185 | — |
| 16 | 29,996 | — | — | — | 29,996 | — |
| 17 | 128,966 | — | — | — | 128,966 | — |
| 18 | 186,003 | — | — | — | 186,003 | — |
| 19 | 223,741 | — | — | — | 223,741 | — |
| | <u>975,514</u> | <u>—</u> | <u>1,179,052</u> | <u>—</u> | <u>2,154,566</u> | <u>—</u> |

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Winter orange trees

| Age | Hepu | Hepu | Xinfeng | Xinfeng | Total | Total |
|--------------|----------------|----------------|------------------|----------------|-------------------------|-----------------------|
| | Plantation | Plantation | Plantation | Plantation | No. of trees | Yield (tonnes) |
| | No. of trees | Yield (tonnes) | No. of trees | Yield (tonnes) | No. of trees | Yield (tonnes) |
| 6 | — | — | 400,000 | 27,860 | 400,000 | 27,860 |
| 7 | — | — | 400,000 | 28,907 | 400,000 | 28,907 |
| 8 | 46,077 | 3,963 | 400,000 | 31,052 | 446,077 | 35,015 |
| 10 | 180,180 | 18,341 | 400,000 | 40,576 | 580,180 | 58,917 |
| 11 | 42,300 | 4,574 | — | — | 42,300 | 4,574 |
| 16 | 24,937 | 3,142 | — | — | 24,937 | 3,142 |
| 17 | 10,133 | 1,246 | — | — | 10,133 | 1,246 |
| 18 | 12,988 | 1,572 | — | — | 12,988 | 1,572 |
| | <u>316,615</u> | <u>32,838</u> | <u>1,600,000</u> | <u>128,395</u> | <u>1,916,615</u> | <u>161,233</u> |
| Total | | | | | <u>4,071,181</u> | <u>161,233</u> |

VALUATION OF BIOLOGICAL ASSETS

The Group has engaged an independent valuer to perform a valuation on the fair value of the orange trees less costs to sell as at 31 December 2013.

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

Major assumptions

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

- 1) The discount rate applied for the six months ended 31 December 2013 was 18.0% (31 December 2012: 18.0%). The discount rate reflected the expected market return on the asset and can be affected by the interest rate, market sentiments and risk of the asset versus the general market risk.
- 2) The yield per tree variables represent the harvest level of the orange trees. The yield of orange trees is affected by the age, species and health of the orange trees, the climate, location, soil conditions, topography and infrastructure. In general, yield per tree increases from age 3 to 10, remains stable for about 12 years, and then starts to decline from age 22 to 32.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- 3) The market prices variables represent the assumed market price for the summer oranges and winter oranges produced by the Group. The independent valuer adopted the market sales prices prevailing as of the relevant balance sheet date for each type of orange produced by the Group as the sales price estimate. The selling prices of winter oranges and summer oranges from Hepu Plantation and winter oranges from Xinfeng Plantation adopted were RMB3,270 per tonne, RMB5,210 per tonne and RMB3,110 per tonne, respectively, for the six months ended 31 December 2013 (six months ended 31 December 2012: RMB3,320 per tonne, RMB5,200 per tonne and RMB3,740 per tonne respectively).
- 4) The cost of sales variables represent the direct costs necessary to bring the oranges to their sales form, which mainly include raw material costs and direct labour costs. The cost of sales variables are determined by reference to actual costs incurred for areas that have been previously harvested and cost information for comparable areas with regards to areas that have not been harvested previously.

Sensitivity analysis

- 1) Changes in the discount rate applied result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's net change in fair value of orange trees less costs to sell to an increase or decrease of 1.0% in the discount rate of 18.0% applied by the independent valuer for the six months ended 31 December 2013:

| | 1.0% Decrease | Base Case | 1.0% Increase |
|---|----------------------|------------------|----------------------|
| Discount rate | 17.0% | 18.0% | 19.0% |
| Net change in fair value of biological assets (RMB'000) | (443,000) | (583,000) | (713,000) |

- 2) Changes in the yield per orange tree can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's net change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the yield per tree applied for the six months ended 31 December 2013:

| | 5.0% Decrease | Base Case | 5.0% Increase |
|---|----------------------|------------------|----------------------|
| Net change in fair value of biological assets (RMB'000) | (663,000) | (583,000) | (503,000) |

- 3) Changes in assumed market prices of the oranges can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's net change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the assumed market prices of oranges as at 31 December 2013 used to calculate the changes in fair value of orange trees less costs to sell for the six months ended 31 December 2013:

| | 5.0% Decrease | Base Case | 5.0% Increase |
|---|----------------------|------------------|----------------------|
| Net change in fair value of biological assets (RMB'000) | (913,000) | (583,000) | (253,000) |

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- 4) Changes in the assumed cost of sales can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's net change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the Group's assumed cost of sales used to calculate the changes in fair value of orange trees less costs to sell for the six months ended 31 December 2013:

| | 5.0% Decrease | Base Case | 5.0% Increase |
|---|----------------------|------------------|----------------------|
| Net change in fair value of biological assets (RMB'000) | (493,000) | (583,000) | (683,000) |

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

Valuation

According to the valuation report of the independent valuer, the aggregate value of the orange trees in Hepu Plantation and Xinfeng Plantation as at 31 December 2013 was estimated to be approximately RMB1,400 million.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2013

| | Note | Six months ended 31 December | | Year ended |
|--|------|---------------------------------|--------------------------------|---|
| | | 2013 (unaudited) RMB'000 | 2012 (unaudited) RMB'000 | 30 June 2013 (audited) RMB'000 |
| Turnover | 5 | 748,333 | 892,045 | 1,485,912 |
| Cost of sales | | <u>(649,578)</u> | <u>(602,552)</u> | <u>(988,313)</u> |
| Gross profit | | 98,755 | 289,493 | 497,599 |
| Other income | 6 | 21,862 | 31,368 | 53,438 |
| Net loss on change in fair value of biological assets | | (583,000) | (23,000) | (260,468) |
| Selling and distribution expenses | | (21,777) | (20,804) | (45,640) |
| General and administrative expenses | | (59,463) | (58,981) | (120,141) |
| (Loss)/profit from operations | | (543,623) | 218,076 | 124,788 |
| Finance costs | 7(a) | (91) | (24) | (126) |
| (Loss)/profit before income tax | 7 | (543,714) | 218,052 | 124,662 |
| Income tax expense | 8 | - | - | - |
| (Loss)/profit for the period/year | | <u>(543,714)</u> | <u>218,052</u> | <u>124,662</u> |
| Attributable to | | | | |
| Equity shareholders of the Company | | (547,971) | 212,380 | 114,395 |
| Non-controlling interests | | 4,257 | 5,672 | 10,267 |
| | | <u>(543,714)</u> | <u>218,052</u> | <u>124,662</u> |
| | | <i>RMB</i> | <i>RMB</i> | <i>RMB</i> |
| (Loss)/earnings per share | 9 | | | |
| - Basic | | <u>(0.445)</u> | <u>0.174</u> | <u>0.094</u> |
| - Diluted | | <u>(0.445)</u> | <u>0.173</u> | <u>0.093</u> |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 31 December 2013

| | Six months ended 31 December | | Year ended 30 June |
|---|---|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 |
| | (unaudited) | (unaudited) | (audited) |
| | RMB'000 | RMB'000 | RMB'000 |
| (Loss)/profit for the period/year | (543,714) | 218,052 | 124,662 |
| Other comprehensive expense for the period/year | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| - Exchange differences on translation of financial statements of foreign Operations, net of nil tax | <u>(4)</u> | <u>-</u> | <u>(352)</u> |
| Total comprehensive (loss)/income for the period/year | <u>(543,718)</u> | <u>218,052</u> | <u>124,310</u> |
| Attributable to | | | |
| Equity shareholders of the Company | (547,975) | 212,380 | 114,043 |
| Non-controlling interests | <u>4,257</u> | <u>5,672</u> | <u>10,267</u> |
| | <u>(543,718)</u> | <u>218,052</u> | <u>124,310</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

| ASSETS | Note | 31 December | | 30 June |
|--|------|--------------------------------|--------------------------------|------------------------------|
| | | 2013 (unaudited) RMB'000 | 2012 (unaudited) RMB'000 | 2013 (audited) RMB'000 |
| Non-current assets | | | | |
| Property, plant and equipment | | 2,346,121 | 1,909,966 | 1,989,625 |
| Land use rights | | 76,955 | 73,474 | 72,701 |
| Construction-in-progress | | 62,795 | 251,750 | 304,196 |
| Biological assets | | 1,654,779 | 2,333,193 | 2,168,501 |
| Intangible assets | | 59,089 | 70,677 | 64,463 |
| Deposits | | 2,393 | 28,161 | 84,303 |
| Goodwill | | 1,157,261 | 1,157,261 | 1,157,261 |
| | | <u>5,359,393</u> | <u>5,824,482</u> | <u>5,841,050</u> |
| Current assets | | | | |
| Biological assets | | 73,906 | 52,532 | 212,098 |
| Properties for sale | | 5,830 | 5,830 | 5,830 |
| Inventories | | 55,001 | 50,688 | 40,277 |
| Trade and other receivables | 11 | 130,062 | 124,365 | 68,315 |
| Cash and cash equivalents | | 2,108,021 | 2,374,441 | 2,141,224 |
| | | <u>2,372,820</u> | <u>2,607,856</u> | <u>2,467,744</u> |
| Total assets | | <u>7,732,213</u> | <u>8,432,338</u> | <u>8,308,794</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | | 12,340 | 12,142 | 12,159 |
| Reserves | | 7,512,259 | 8,225,256 | 8,078,888 |
| Total equity attributable to equity shareholders of the Company | | <u>7,524,599</u> | <u>8,237,398</u> | <u>8,091,047</u> |
| Non-controlling interests | | <u>116,677</u> | <u>107,840</u> | <u>112,420</u> |
| | | <u>7,641,276</u> | <u>8,345,238</u> | <u>8,203,467</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2013

| | | 31 December | | 30 June |
|--|------|-------------------------|--------------------|------------------|
| | | 2013 | 2012 | 2013 |
| | | (unaudited) | (unaudited) | (audited) |
| | Note | RMB'000 | RMB'000 | RMB'000 |
| Non-current liability | | | | |
| Obligation under finance lease | | <u>775</u> | <u>937</u> | <u>832</u> |
| Current liabilities | | | | |
| Trade and other payables | 12 | 90,053 | 86,066 | 104,390 |
| Obligation under finance lease | | <u>109</u> | <u>97</u> | <u>105</u> |
| | | <u>90,162</u> | <u>86,163</u> | <u>104,495</u> |
| Total liabilities | | <u>90,937</u> | <u>87,100</u> | <u>105,327</u> |
| Total equity and liabilities | | <u>7,732,213</u> | <u>8,432,338</u> | <u>8,308,794</u> |
| Net current assets | | <u>2,282,658</u> | <u>2,521,693</u> | <u>2,363,249</u> |
| Total assets less current liabilities | | <u>7,642,051</u> | <u>8,346,175</u> | <u>8,204,299</u> |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2013

| | Note | Six months ended 31 December | | Year ended |
|---|------|---------------------------------|--------------------------------|---|
| | | 2013 (unaudited) RMB'000 | 2012 (unaudited) RMB'000 | 30 June 2013 (audited) RMB'000 |
| Cash flows from operating activities | | | | |
| (Loss)/profit before income tax | | (543,714) | 218,052 | 124,662 |
| Adjustments for: | | | | |
| Interest income | 6 | (20,416) | (30,152) | (50,509) |
| Finance costs | 7(a) | 91 | 24 | 126 |
| Share-based payments | 7(b) | 6,014 | 14,072 | 24,698 |
| Amortisation of land use rights | 7(c) | 744 | 587 | 1,360 |
| Amortisation of intangible assets | 7(c) | 5,374 | 6,509 | 12,723 |
| Depreciation | 7(c) | 84,383 | 69,426 | 144,603 |
| Loss on disposal of property, plant and equipment | 7(c) | 2,251 | 85 | 2,172 |
| Loss on disposal of land use right | 7(c) | - | 4,902 | 4,902 |
| Loss on deregistration of subsidiaries | 7(c) | - | - | 192 |
| Net loss on change in fair value of biological assets | | 583,000 | 23,000 | 260,468 |
| | | 117,727 | 306,505 | 525,397 |
| Operating profit before working capital changes | | | | |
| Movements in working capital elements: | | | | |
| Biological assets | | 138,192 | 106,104 | (53,462) |
| Inventories | | (14,724) | 12,406 | 22,817 |
| Trade and other receivables | | (61,747) | (37,500) | 18,342 |
| Trade and other payables | | (14,341) | 29,259 | 47,232 |
| | | 165,107 | 416,774 | 560,326 |
| Net cash generated from operating activities | | | | |
| Cash flows from investing activities | | | | |
| Proceeds from disposal of property, plant and equipment | | 1,797 | - | 1,853 |
| Proceed from disposal of land use right | | - | 3,565 | 3,565 |
| Purchase of property, plant and equipment | | (4,813) | (16,379) | (32,823) |
| Purchase of land use right | | (4,998) | (14,001) | (14,001) |
| Additions to construction-in-progress | | (114,410) | (196,783) | (391,561) |
| Deposits paid for acquisition of property, plant and equipment | | (2,393) | (28,155) | (84,297) |
| Net additions to biological assets | | (69,278) | (50,969) | (123,745) |
| Additions to intangible assets | | - | (18,680) | (18,680) |
| Decrease in time deposits with terms over three months | | - | 19,341 | 62,960 |
| Interest received | | 20,416 | 30,152 | 50,509 |
| | | (173,679) | (271,909) | (546,220) |
| Net cash used in investing activities | | | | |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT *(Continued)**For the six months ended 31 December 2013*

| | Six months ended | | Year ended |
|--|-------------------------|--------------------|-------------------|
| | 31 December | | 30 June |
| | 2013 | 2012 | 2013 |
| | (unaudited) | (unaudited) | (audited) |
| | RMB'000 | RMB'000 | RMB'000 |
| Cash flows from financing activities | | | |
| Proceeds from issue of new shares upon exercises of share options | 14,362 | - | 2,746 |
| Repurchase of shares | - | (34,548) | (34,548) |
| Obligation under finance lease | (53) | - | (97) |
| Dividends paid | (38,849) | (104,625) | (166,011) |
| Finance costs paid | (91) | (24) | (126) |
| | <hr/> | <hr/> | <hr/> |
| Net cash used in financing activities | (24,631) | (139,197) | (198,036) |
| | <hr/> | <hr/> | <hr/> |
| Net (decrease)/increase in cash and cash equivalents | (33,203) | 5,668 | (183,930) |
| | <hr/> | <hr/> | <hr/> |
| Cash and cash equivalents at beginning of period/year | 2,141,224 | 2,325,154 | 2,325,154 |
| | <hr/> | <hr/> | <hr/> |
| Cash and cash equivalents at end of period/year | 2,108,021 | 2,330,822 | 2,141,224 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Major non-cash transactions

During the six months ended 31 December 2013, purchases of property, plant and equipment included an amount of RMB84,303,000 (six months ended 31 December 2012: RMB4,245,000, year ended 30 June 2013: RMB4,245,000) transferred from non-current deposits.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

The principal activities of the Company and its subsidiaries (together the “Group”) are planting, cultivation and sale of agricultural produce, manufacture and sale of fruit juice concentrates, fruit purees, frozen fruits and vegetables.

2 BASIS OF PREPARATION

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

The interim financial information has been prepared under the historical cost convention, except that certain biological assets are carried at their fair values. The principal accounting policies adopted in the preparation of this interim financial information are consistent with those followed in the Group’s annual financial statements for the year ended 30 June 2013, except for the accounting policy changes that are expected to be reflected in the Group’s annual financial statements for the year ending 30 June 2014. Details of the applications of new and revised IFRSs are set out in note 3.

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

This interim financial information contains condensed consolidated financial statements and explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

3 APPLICATIONS OF NEW AND REVISED IFRSs

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

| | |
|--|--|
| Improvements to IFRSs | Annual improvements to IFRSs 2009 -2011 cycle |
| Amendments to IFRS 10, IFRS 11 and IFRS 12 | Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance |
| Amendments to IFRS 7 | Disclosures – Offsetting financial assets and financial Liabilities |
| IFRS 10 | Consolidated financial statements |
| IFRS 12 | Disclosure of interests in other entities |
| IFRS 13 | Fair value measurement |
| IAS 27 (2011) | Separate financial statements |

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

Up to the date of issue of this interim financial information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 30 June 2014 and which have not been adopted in the interim financial information. Of these developments, the following relates to matters that may be relevant to the Group's operations and financial statements:

| | |
|---|--|
| Amendments to IFRS 9 and IFRS 7 | Mandatory effective date of IFRS 9 and transition disclosures ¹ |
| Amendments to IFRS 10, IFRS 12 and IAS 27 | Investing entities ¹ |
| Amendments to IAS 32 | Offsetting financial assets and financial liabilities ¹ |
| Amendments to IAS 36 | Recoverable amount disclosures for non-financial assets ¹ |
| IFRS 9 | Financial instruments ² |

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 January 2015.

The Group is in the process of making an assessment of what the potential 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 determine whether their adoption will have a significant impact on the Group's results of operations and financial position.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

4 SEGMENT INFORMATION

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

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

Developing and sale of property units in an agricultural wholesale market and orange processing centre has no longer a reportable segment in the year ended 30 June 2013. Because of this change in the composition of the reportable segments, the corresponding segmental information for the six months ended 31 December 2012 has been restated to conform with the current period's presentation.

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4 SEGMENT INFORMATION (continued)

Segment results, assets and liabilities

Six months ended 31 December 2013:

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4. SEGMENT INFORMATION (continued)

Segment results, assets and liabilities (continued)

Six months ended 31 December 2012:

| | Agricultural produce (unaudited) RMB'000 | Processed fruits (unaudited) RMB'000 | Total (unaudited) RMB'000 |
|---|---|---|--|
| RESULTS | | | |
| Reportable segment revenue and revenue from external customers | <u>601,802</u> | <u>290,243</u> | <u>892,045</u> |
| Reportable segment results | <u>167,969</u> | <u>76,582</u> | 244,551 |
| Unallocated corporate expenses | | | (29,373) |
| Unallocated corporate other income | | | <u>2,874</u> |
| Profit before income tax | | | 218,052 |
| Income tax expense | | | <u>-</u> |
| Profit for the period | | | <u><u>218,052</u></u> |
| ASSETS | | | |
| Segment assets | 5,361,299 | 1,631,016 | 6,992,315 |
| Unallocated corporate assets | | | <u>1,440,023</u> |
| Total assets | | | <u><u>8,432,338</u></u> |
| LIABILITIES | | | |
| Segment liabilities | (55,084) | (27,592) | (82,676) |
| Unallocated corporate liabilities | | | <u>(4,424)</u> |
| Total liabilities | | | <u><u>(87,100)</u></u> |
| OTHER INFORMATION | | | |
| Additions to segment non-current assets | <u>130,095</u> | <u>149,714</u> | <u>279,809</u> |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

4 SEGMENT INFORMATION (continued)

Segment results, assets and liabilities (continued)

Year ended 30 June 2013:

| | Agricultural produce (audited) RMB'000 | Processed fruits (audited) RMB'000 | Total (audited) RMB'000 |
|---|---|---|--|
| RESULTS | | | |
| Reportable segment revenue and revenue from external customers | <u>921,823</u> | <u>564,089</u> | <u>1,485,912</u> |
| Reportable segment results | <u>31,912</u> | <u>138,711</u> | 170,623 |
| Unallocated corporate expenses | | | (50,557) |
| Unallocated corporate other income | | | <u>4,596</u> |
| Profit before income tax | | | 124,662 |
| Income tax expense | | | <u>-</u> |
| Profit for the year | | | <u><u>124,662</u></u> |
| ASSETS | | | |
| Segment assets | 5,253,592 | 1,689,669 | 6,943,261 |
| Unallocated corporate assets | | | <u>1,365,533</u> |
| Total assets | | | <u><u>8,308,794</u></u> |
| LIABILITIES | | | |
| Segment liabilities | (76,016) | (24,483) | (100,499) |
| Unallocated corporate liabilities | | | <u>(4,828)</u> |
| Total liabilities | | | <u><u>(105,327)</u></u> |
| OTHER INFORMATION | | | |
| Additions to segment non-current assets | <u>225,539</u> | <u>321,737</u> | <u>547,276</u> |

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

5 TURNOVER

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

| | Six months ended | | Year ended |
|-----------------------------|-------------------------|-------------|------------|
| | 31 December | | 30 June |
| | 2013 | 2012 | 2013 |
| | (unaudited) | (unaudited) | (audited) |
| | RMB'000 | RMB'000 | RMB'000 |
| Sales of oranges | 468,907 | 600,194 | 919,983 |
| Sales of self-bred saplings | - | 1,608 | 1,840 |
| Sales of processed fruits | 279,426 | 290,243 | 564,089 |
| | 748,333 | 892,045 | 1,485,912 |

6 OTHER INCOME

| | Six months ended | | Year ended |
|-------------------|-------------------------|-------------|------------|
| | 31 December | | 30 June |
| | 2013 | 2012 | 2013 |
| | (unaudited) | (unaudited) | (audited) |
| | RMB'000 | RMB'000 | RMB'000 |
| Interest income | 20,416 | 30,152 | 50,509 |
| Government grants | 1,414 | 1,209 | 2,912 |
| Sundry income | 32 | 7 | 17 |
| | 21,862 | 31,368 | 53,438 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

7 (LOSS)/PROFIT BEFORE INCOME TAX

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

| | Six months ended | | Year ended |
|--|------------------|-------------|------------|
| | 31 December | 2012 | 30 June |
| | 2013 | 2012 | 2013 |
| | (unaudited) | (unaudited) | (audited) |
| | RMB'000 | RMB'000 | RMB'000 |
| (a) Finance costs | | | |
| Bank charges | 54 | 24 | 43 |
| Finance charges on obligation under finance lease | 37 | - | 83 |
| | 91 | 24 | 126 |
| (b) Staff costs (including directors' emoluments) | | | |
| - salaries, wages and other benefits | 79,437 | 69,433 | 114,510 |
| - share-based payments | 6,014 | 14,072 | 24,698 |
| - contributions to defined contribution retirement plans | 1,178 | 1,214 | 2,775 |
| | 86,629 | 84,719 | 141,983 |
| (c) Other items | | | |
| Amortisation of land use rights | 744 | 587 | 1,360 |
| Amortisation of intangible assets | 5,374 | 6,509 | 12,723 |
| Auditor's remuneration | 1,397 | 1,217 | 2,432 |
| Cost of agricultural produce sold # | 434,167 | 390,432 | 571,147 |
| Cost of inventories of processed fruits recognised as expenses ## | 215,411 | 212,120 | 417,166 |
| Depreciation of property, plant and equipment | 84,383 | 69,426 | 144,603 |
| Add: Realisation of depreciation previously capitalised as biological assets | 25,022 | 23,423 | 23,423 |
| Less: Amount capitalised as biological assets | (22,425) | (15,865) | (45,059) |
| | 86,980 | 76,984 | 122,967 |
| Construction-in-progress written off | 2,880 | 1,560 | 1,669 |
| Exchange gain, net | (67) | (3,548) | (989) |
| Operating lease expenses | | | |
| - plantation bases | 6,394 | 6,416 | 9,470 |
| - properties | 580 | 610 | 1,020 |
| Research and development costs | 6,631 | 2,344 | 4,963 |
| Loss on disposals of property, plant and equipment | 2,251 | 85 | 2,172 |
| Loss on disposal of land use right | - | 4,902 | 4,902 |
| Loss on deregistration of subsidiaries | - | - | 192 |

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

7 (LOSS)/PROFIT BEFORE INCOME TAX (continued)

- # Cost of agricultural produce sold includes RMB104,989,000 (six months ended 31 December 2012: RMB96,189,000, year ended 30 June 2013: RMB133,321,000) relating to staff costs, depreciation and operating lease expenses, which amount is also included in the respective total amount disclosed separately above for each of these types of expenses.
- ## Cost of inventories of processed fruits recognised as expenses includes RMB45,105,000 (six months ended 31 December 2012: RMB40,170,000, year ended 30 June 2013: RMB82,422,000) relating to staff costs, amortisation of land use rights, amortisation of intangible assets and depreciation, which amount is also included in the respective total amount disclosed separately above for each of these types of expenses.

8 INCOME TAX EXPENSE

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

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

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

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

- (d) PRC withholding income tax

Under the PRC tax law, profits of the Group's subsidiaries in the PRC derived since 1 January 2008 is subject to withholding income tax at rates of 5% or 10% upon the distribution of such profits to foreign investors or companies incorporated in Hong Kong, or for other foreign investors, respectively. Pursuant to the grandfathering arrangements of the PRC tax law, dividends receivable by the Group from its PRC subsidiaries in respect of the undistributed profits derived prior to 31 December 2007 are exempt from the withholding income tax. At 31 December 2013, no deferred tax liabilities have been recognised in respect of the tax that would be payable on the unremitted profits of the PRC subsidiaries derived since 1 January 2008 as the Company is in a position to control the dividend policies of the PRC subsidiaries and no distribution of such profits is expected to be declared from the PRC subsidiaries in the foreseeable future.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

9 (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following:

| | Six months ended | | Year ended |
|--|-------------------------|------------------|------------------|
| | 31 December | | 30 June |
| | 2013 | 2012 | 2013 |
| | (unaudited) | (unaudited) | (audited) |
| | RMB'000 | RMB'000 | RMB'000 |
| (Loss)/earnings | | | |
| (Loss)/profit attributable to equity shareholders of the Company used in basic and diluted (loss)/earnings per share calculation | <u>(547,971)</u> | <u>212,380</u> | <u>114,395</u> |
| Weighted average number of shares | '000 | '000 | '000 |
| Issued ordinary shares at beginning of period/year | 1,229,559 | 1,221,097 | 1,221,097 |
| Effect of shares issued to shareholders participating in the scrip dividend | - | - | 8,811 |
| Effect of shares issued upon exercises of share options | 1,293 | - | 55 |
| Effect of shares repurchased and cancelled | <u>-</u> | <u>(3,393)</u> | <u>(7,236)</u> |
| Weighted average number of ordinary shares used in basic (loss)/earnings per share calculation | 1,230,852 | 1,217,704 | 1,222,727 |
| Effect of dilutive potential shares in respect of share options (Note) | <u>-</u> | <u>11,490</u> | <u>10,035</u> |
| Weighted average number of ordinary shares used in diluted (loss)/earnings per share calculation | <u>1,230,852</u> | <u>1,229,194</u> | <u>1,232,762</u> |

Note:

The potential ordinary shares arising from the conversion of share options had an anti-dilutive effect on the basis loss per share for the six months ended 31 December 2013, hence they were ignored in the calculation of diluted loss per share.

10 DIVIDENDS

The directors do not declare any dividend in respect of the six-month period ended 31 December 2013. Interim dividend of RMB0.03 and special dividend of RMB0.02 per ordinary share was declared in respect of six-month period ended 31 December 2012.

Final dividend of RMB0.05 per ordinary share in respect of the year ended 30 June 2013 was approved on 12 November 2013 and paid on 31 December 2013.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

11 TRADE AND OTHER RECEIVABLES

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

| | 31 December | | 30 June |
|-------------------|---------------|---------------|---------------|
| | 2013 | 2012 | 2013 |
| | (unaudited) | (unaudited) | (audited) |
| | RMB'000 | RMB'000 | RMB'000 |
| Less than 1 month | 72,248 | 92,883 | 38,576 |
| 1 to 3 months | 14,496 | 6,798 | 4,047 |
| 3 to 6 months | - | - | - |
| 6 to 12 months | - | 9 | - |
| Over 1 year | 49 | 104 | 113 |
| | <u>86,793</u> | <u>99,794</u> | <u>42,736</u> |

Trade receivables from sales of goods are normally due for settlement within 30 to 60 days from the date of billing, while that from sales of property units are due for settlement in accordance with the terms of the related sale and purchase agreements.

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

| | 31 December | | 30 June |
|-----------------------------------|---------------|---------------|---------------|
| | 2013 | 2012 | 2013 |
| | (unaudited) | (unaudited) | (audited) |
| | RMB'000 | RMB'000 | RMB'000 |
| Neither past due nor impaired | 72,519 | 97,457 | 41,492 |
| Less than 1 month past due | 12,516 | 2,267 | 1,174 |
| 1 to 3 months past due | 1,732 | - | - |
| 3 to 6 months past due | - | 9 | - |
| 6 to 12 months past due | - | - | - |
| Over 1 year past due | 26 | 61 | 70 |
| Amounts past due but not impaired | <u>14,274</u> | <u>2,337</u> | <u>1,244</u> |
| | <u>86,793</u> | <u>99,794</u> | <u>42,736</u> |

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

12 TRADE AND OTHER PAYABLES

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

| | 31 December | | 30 June |
|--------------------|--------------------|-------------|-----------|
| | 2013 | 2012 | 2013 |
| | (unaudited) | (unaudited) | (audited) |
| | RMB'000 | RMB'000 | RMB'000 |
| Less than 3 months | 24,050 | 32,904 | 62,881 |
| 3 to 6 months | 89 | 286 | 68 |
| 6 to 12 months | 111 | 314 | 304 |
| Over 1 year | 294 | 95 | 299 |
| | 24,544 | 33,599 | 63,552 |

13 FINANCIAL INFORMATION

The results announcement was approved by the Board on 26 February 2014. The interim financial information has been prepared on a going concern basis in accordance with IAS 34, Interim financial reporting. The accounting policies applied in preparing the interim financial information are consistent with those adopted and disclosed in the Group's consolidated financial statements for the year ended 30 June 2013.

OTHER INFORMATION

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2013 (six months ended 31 December 2012: interim dividend of RMB0.03 and special dividend of RMB0.02 per ordinary share).

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

During the six months ended 31 December 2013, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. It is the belief of the Board that such commitment will in the long term serve to enhance shareholders' value.

During the six months ended 31 December 2013, the Directors, where practicable, for an organisation of the Group's size and nature, sought to comply with the Combined Code. The Combined Code is the key source of corporate governance recommendations for companies listed in the United Kingdom. It consists of principles of good governance covering the following areas: (i) Leadership; (ii) Effectiveness; (iii) Accountability; (iv) Remuneration; and (v) Relations with Shareholders.

Since 23 February 2012, the Company has also adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code Provisions") contained in the amended Appendix 14 to the Rules Governing the Listing of Securities on the HKEx (the "Hong Kong Listing Rules"), which took effect on 1 April 2012 as its code on corporate governance practices.

The Company complied with the Code Provisions during the six months ended 31 December 2013 except the deviations set out below:

Code Provision A.2.1

The roles of the Chairman and the Chief Executive Officer are performed by the same individual, Mr. Tong Wang Chow, and are not separated. The Board meets regularly to consider issues related to corporate matters affecting the operations of the Group. The Board considers that the current structure will not impair the balance of power and authority of the Board and the Company's management and thus, the Board believes that this structure will enable effective planning and implementation of corporate strategies and decisions.

OTHER INFORMATION *(Continued)*

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 stage of its development, it is necessary to have a Nomination Committee. However, this will be kept under regular review by the Board. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure, size and composition. If the Board considers that it is necessary to appoint new Director(s), it will set down the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in case of Independent Non-Executive Directors, the independence requirements set out in the Hong Kong Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Executive Directors and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Code Provision E.1.2

The chairman of the Board should attend the annual general meeting. He should also invite the chairmen of the Audit Committee and Remuneration Committee to attend. However, Mr. Tong Wang Chow, the Executive Chairman, was unable to attend the annual general meeting held on 12 November 2013 (the "2013 AGM") due to other business engagements. In the absence of the Executive Chairman, Mr. Tong Hung Wai, Tommy, an Executive Director, took the chair and, together with the other Directors, made themselves available to answer questions at the 2013 AGM.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted a code for Directors' dealings appropriate for a company whose shares are admitted to trading on AIM of the London Stock Exchange and takes all reasonable steps to ensure compliance by the Directors and any relevant employees. The Company also adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules. Following a specific enquiry by the Company, the Directors have confirmed that they had fully complied with the required standard as set out in the Model Code throughout the six months ended 31 December 2013.

CHANGES IN DIRECTORSHIP/COMMITTEE MEMBERSHIP

Changes in directorship during the six months ended 31 December 2013 are as follows:

Hon. Peregrine Moncreiffe and Mr. Ma Chiu Cheung, Andrew retired as Independent Non-executive Directors of the Company with effect from the conclusion of the 2013 AGM.

Mr. Chung Koon Yan and Mr. Ho Wai Leung were appointed as Independent Non-executive Directors of the Company with effect from 12 November 2013. With effect from the same date, while the former was appointed as a member of the Audit Committee and Remuneration Committee and the latter was appointed as a member of the Remuneration Committee, Mr. Ng Hoi Yue was appointed as the Chairman of Audit Committee.

The Board would like to express its gratitude to Hon. Peregrine Moncreiffe and Mr. Ma Chiu Cheung, Andrew for their contributions over the years.

OTHER INFORMATION *(Continued)*

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises three Independent Non-executive Directors. Mr. Ng Hoi Yue acts as Chairman of the committee with Mr. Yang Zhen Han and Mr. Chung Koon Yan acting as members. The arrangement of Audit Committee is in compliance with Rule 3.21 of the Hong Kong Listing Rules.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the Company's unaudited consolidated financial statements for the six months ended 31 December 2013.

PUBLICATION OF INTERIM REPORT

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

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the HKEx was halted with effect from 1:00 p.m. on Wednesday, 26 February 2014 pending the release of this announcement. Application has been made by the Company for resumption of trading in its shares on the HKEx with effect from 9:00 a.m. on 27 February 2014.

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

Hong Kong, 26 February 2014

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Tong Wang Chow, Mr. Tong Hung Wai, Tommy, Mr. Cheung Wai Sun and Mr. Pang Yi and five Independent Non-executive Directors, namely Dr. Lui Ming Wah, SBS JP, Mr. Yang Zhen Han, Mr. Ng Hoi Yue, Mr. Chung Koon Yan and Mr. Ho Wai Leung.

* *For identification purpose only*