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FINANCIAL HIGHLIGHTS

AMOUNTS EXPRESSED IN RENMINBI ("RMB") MILLIONS UNLESS OTHERWISE STATED

	Six months ended 31 December		
	2005	2004	% change
Turnover	**105.6**	89.1	+19
Gross profit	**64.0**	55.3	+16
EBITDA	**71.2**	51.8	+37
Profit before tax (excluding gains on biological assets)	**39.1**	36.1	+8
Profit attributable to shareholders	**49.5**	40.5	+22
Basic earnings per share (RMB)	**0.84**	0.81	
Diluted earnings per share (RMB)	**0.84**	N/A	
Gross profit margin (%)	**60.6**	62.1	
Return on assets (%)	**3.6**	4.3	
Return on equity (%)	**3.9**	4.6	
Asset turnover (x)	**0.08**	0.09	

	31 December 2005	30 June 2005	
Total assets	**1,393.7**	1,252.2	+11
Net current assets	**75.1**	27.7	+171
Cash & bank balances	**87.4**	82.0	+7
Shareholders' funds	**1,274.8**	1,090.5	+17
Current ratio (x)	**2.76**	1.44	
Quick ratio (x)	**2.71**	1.43	

CHAIRMAN'S STATEMENT

STRATEGIC OVERVIEW

I am very pleased with the performance of Asian Citrus Holdings Limited during the last 6 months. Our company was listed on AIM in August 2005 and we are progressing well with our strategy of moving from being a producer with sales to wholesalers only to one with sales to wholesalers and regional retail organisations. Selling to the latter provides the Group with improved margin potential as a wider diversity of customers and a new revenue stream.

The highlight of this strategy was the conclusion of supplier contracts with Guangxi Yonghao Supermarket Company Limited, a regional supermarket chain in the Guangxi Zhuang Autonomous Region of China. This represents the first step of the Group's move into selling directly to domestic supermarket chains and, in addition to higher profit margins, strengthens our leading position in the domestic market and enhances shareholders' value. During the last 6 months, approximately 5% of the production volume was sold directly to the regional supermarket chain, which percentage will increase in future periods.

Asian Citrus is also looking to overseas markets. During the last 6 months, the Group has established a trading joint venture in Hong Kong. Our partner brings more than 20 years experience and we will be focussing on fruits trading in overseas markets, and principally Hong Kong. This should position us effectively in this new business area and enable us to break into new markets.

The demand for high quality oranges in both the domestic and overseas markets is growing strongly. Ensuring sufficient and stable supplies is thus vital for the Group's success. At present, the Group has two orange plantations in Guangxi Zhuang Autonomous Region ("Hepu Plantation") and Jiangxi province of China ("Xinfeng Plantation") respectively. The Hepu Plantation is already well established with a guaranteed supply of more than 100,000 tonnes of high quality oranges annually. The first revenue harvest in the Xinfeng Plantation will start in late 2007 which will bring significant extra capacity to the Group.

Additionally, the Group has, during the last 6 months, established a subsidiary in the Hubei province of China which will specialise in sourcing high quality oranges from outside farmers. Asian Citrus will provide continuing management advice through enhanced quality control and the provision of latest agricultural techniques to the owners of these plantations. In due course, this will become a valuable source of extra supply for the Group without substantial capital costs of investment.

TRADING RESULTS

The Group's turnover was RMB105.6 million (2004: RMB89.1 million) in the 6 months to 31 December 2005. Similar to previous years, only approximately 25 % of the entire turnover is expected to be generated from the sales of the winter oranges due to the higher price obtained for summer oranges. The half year turnover represented 19% growth in the Group's turnover which was due to the increase of approximately 13% in the production volume as well as the increase in average selling price of the oranges to both the wholesalers and supermarkets. Selling prices to the latter are, on average, 60% to 65% higher than sales to wholesalers. Results were in line with management's expectation but during the period represented only a small element of the total turnover figure.

The gain arising from changes in fair value of biological assets was RMB20 million for the 6 months ended 31 December 2005 compared to RMB8 million for the same period in 2004.

Other revenue of RMB10.7 million derived from exchange gains and returns from short-term trading securities. Net proceeds from the placement were approximately RMB108 million which, to date, have funded RMB79 million of construction-in-progress and research and development facilities. The balance will fund future payments of construction-in-progress shortly.

Notwithstanding the higher average selling prices, gross margin dropped slightly from approximately 62% for the 6 months ended 31 December 2004 to approximately 61% for the 6 months ended 31 December 2005. Tighter cost controls helped mitigate higher production costs which increased from approximately RMB33.7 million for the

6 months ended 31 December 2004 to approximately RMB41.6 million for the 6 months ended 31 December 2005, an increase of approximately 23%. The increase in the production costs was partly due to the increase in raw materials utilised for higher production volume as well as to higher unit costs of fertiliser and pesticide which increased by approximately 27% and 32% respectively in line with higher prices of agricultural resources in China generally. As a result, the average unit cost of orange increased from approximately RMB0.94 per Kg for the 6 months ended 31 December 2004 to approximately RMB1.02 per Kg for the 6 months ended 31 December 2005.

The selling and distribution expenses increased in line with the Group's turnover while the general and administration expenses increased significantly from approximately RMB11.7 million for the 6 months ended 31 December 2004 to approximately RMB24.0 million for the 6 months ended 31 December 2005. The increase was mainly due to the increase in directors' and senior management's remuneration needed to strengthen the Group's corporate governance and management resources following the listing of the Company on AIM in August 2005.

The pre-tax margin for the 6 months ended 31 December 2005 was 56%, representing an increase of approximately 6 percent point as compared to 50% for the same period in 2004. Profit attributable to shareholders was approximately RMB49.5 million for 6 months ended 31 December 2005, representing an increase of 22% from the corresponding period in 2004.

The Group's liquidity remained healthy with sufficient reserves for both operations and development. The current ratio and quick ratio of the Group was 2.76 and 2.71 respectively.

Following the Company's listing on AIM and the placement of 9,072,813 new shares raising net proceeds of approximately RMB108 million, the Group's internal financial resources have been further strengthened.

CHAIRMAN'S STATEMENT

OPERATING REVIEW

The production volume for the 6 months ended 31 December 2005 was approximately 40,604 tonnes. Compared to approximately 35,924 tonnes of production of winter oranges in 2004, this represents an annual growth of about 13%. The growth in production was mainly due to the following reasons: (1) increasing maturity of the trees in the Hepu Plantation, (2) approximately 220,000 winter orange trees reaching the fruit-bearing age which started to produce oranges in the current period, and (3) more effective utilisation of resources and accumulation of agricultural experience.

The Group's total number of orange-bearing trees remained unchanged at 1,246,052 during the period. Approximately 400,000 new trees will be planted in Spring 2006.

APPOINTMENT OF NEW DIRECTOR

As mentioned in our last annual report, the Board is committed to improving corporate governance through the appointment of competent and experienced professionals to the Board and senior management. Effective from 1 February 2006, Hon Peregrine Moncreiffe was appointed as a non-executive director of the Company. With Peregrine's extensive experience in the field of international investment banking and thorough understanding of the capital markets and corporate governance, we believe that he can bring valuable experience and contribution to the Group.

INVESTOR RELATIONS

The Board recognises that maintaining good communications with shareholders and other relevant audiences is highly important. As part of that process, the Company's website (www.asian-citrus.com) was formally launched in March 2006 to act as a base for communication between Asian Citrus and its shareholders and potential investors.

CHAIRMAN'S STATEMENT

OUTLOOK

During the past 6 months, we have made progress with our strategy to transform ourselves into a company with broader sales channels. Following the first direct supplier contract with a regional supermarket, we are now exploring co-operation opportunities with other supermarket groups to increase our coverage in the local market. Establishing the fruit trading joint venture offers us an opportunity to further diversify our business and pave the way to develop other overseas markets. Our work in Hubei will provide us with new sources of outside orange supply. With the first harvest of oranges in Xinfeng coming on line in 2007, it will be a time of exciting growth for the Company. We are confident that the outlook remains positive and we look forward to continue growing and delivering value for our shareholders.

Tony Tong
Chairman

10 March 2006

INDEPENDENT REVIEW REPORT

TO ASIAN CITRUS HOLDINGS LIMITED

Introduction

We have been instructed by Asian Citrus Holdings Limited (the "Company") to review the financial statements for the six months ended 31 December 2005 which comprise the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement, and the related notes 1 to 22. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial statements.

This report is made solely to the Company having regard to the guidance contained in International Standard on Review Engagements ("ISRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board (the "IAASB"). To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial statements contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report as required by the AIM Rules issued by the London Stock Exchange.

Review work performed

We conducted our review having regard to the guidance contained in ISRE 2410 issued by the IAASB. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with International Standards on Auditing and consequently provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial statements.

INDEPENDENT REVIEW REPORT

Review conclusion

On the basis of our review, we are not aware of any material modifications that should be made to the financial statements as presented, in accordance with International Financial Reporting Standards, for the six months ended 31 December 2005.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Robin Frederick Keppel Radcliffe
Practising Certificate Number P00649
Hong Kong, 10 March 2006

CCIF CPA Limited
Certified Public Accountants

Chan Wai Dune, Charles
Practising Certificate Number P00712
Hong Kong, 10 March 2006

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Note	**Six months ended 31 December 2005 (Unaudited)** ***RMB'000***	Six months ended 31 December 2004 (Audited) *RMB'000*	Year ended 30 June 2005 (Audited) *RMB'000*
Turnover	3	**105,552**	89,092	322,313
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	12	**20,000**	8,000	103,340
Other revenue	4	**10,668**	30	25
		136,220	97,122	425,678
Inventories used	6	**(34,517)**	(22,750)	(85,424)
Staff costs	6	**(11,000)**	(5,344)	(13,131)
Depreciation	6	**(7,916)**	(5,829)	(11,764)
Other operating expenses	6	**(20,398)**	(18,770)	(41,572)
Write off of biological assets		**—**	—	(782)
Profit from operations	6	**62,389**	44,429	273,005
Interest income		**1,625**	39	348
Finance costs	7	**(4,144)**	(351)	(3,575)
Net finance costs		**(2,519)**	(312)	(3,227)
Share of loss of associates	13	**(778)**	—	—
Profit from ordinary activities before taxation		**59,092**	44,117	269,778
Taxation	8	**(9,590)**	(3,580)	(20,970)
Profit attributable to shareholders		**49,502**	40,537	248,808
Basic earnings per share	9	**RMB0.84**	RMB0.81	RMB4.98
Diluted earnings per share	9	**RMB0.84**	N/A	RMB4.87

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2005

	Note	31 December 2005 (Unaudited) RMB'000	31 December 2004 (Audited) RMB'000	30 June 2005 (Audited) RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	**387,423**	222,717	274,184
Land use rights		**63,399**	55,943	55,372
Construction-in-progress		**273,705**	219,004	315,656
Biological assets	12	**532,206**	410,148	509,206
Deferred development costs		**6,000**	8,000	7,000
Interests in associates	13	**13,125**	—	—
		1,275,858	915,812	1,161,418
Current assets				
Investments held for trading	14	**22,724**	—	—
Inventories	15	**1,812**	334	839
Accounts receivable		**2,859**	—	—
Other receivables		**2,980**	3,601	7,906
Cash and bank balances		**87,435**	27,658	82,015
		117,810	31,593	90,760
Total assets		**1,393,668**	947,405	1,252,178
EQUITY AND LIABILITIES				
Equity				
Issued capital	17	**6,421**	106	5,300
Reserves		**1,268,363**	887,674	1,085,188
		1,274,784	887,780	1,090,488
Non-current liabilities				
Deferred tax liabilities	8	**13,654**	3,965	10,641
Convertible bond	18	**62,500**	—	87,978
		76,154	3,965	98,619

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2005

	Note	**31 December 2005 (Unaudited) *RMB'000***	31 December 2004 (Audited) *RMB'000*	30 June 2005 (Audited) *RMB'000*
Current liabilities				
Trade payables and accrued expenses		**21,644**	10,253	7,051
Due to related parties	16	**3,795**	14,701	14,600
Due to shareholders		**—**	1,168	1,168
Due to ultimate holding company		**—**	9,715	9,715
Taxation payable	8	**17,291**	19,823	30,537
		42,730	55,660	63,071
Total liabilities		**118,884**	59,625	161,690
Total equity and liabilities		**1,393,668**	947,405	1,252,178

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Note	Share capital (Unaudited) *RMB'000*	Share premium (Unaudited) *RMB'000*	Merger reserve (Unaudited) *RMB'000*	Share option reserve (Unaudited) *RMB'000*	Capital reserve (Unaudited) *RMB'000*	Retained profit (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
Balance as at 1 July 2005		5,300	—	(4,473)	—	497,626	592,035	1,090,488
Issue of new shares		944	145,001	—	—	—	—	145,945
Issuing costs		—	(39,704)	—	1,408	—	—	(38,296)
Change of the terms of convertible bond	18	—	—	—	—	7,790	—	7,790
Conversion of convertible bond	18	177	24,162	—	—	(5,963)	—	18,376
Employee share option benefits		—	—	—	979	—	—	979
Consolidated profit for the period		—	—	—	—	—	49,502	49,502
Balance as at 31 December 2005		**6,421**	**129,459**	**(4,473)**	**2,387**	**499,453**	**641,537**	**1,274,784**

	Share capital (Audited) *RMB'000*	Share premium (Audited) *RMB'000*	Merger reserve (Audited) *RMB'000*	Share option reserve (Audited) *RMB'000*	Capital reserve (Audited) *RMB'000*	Retained profit (Audited) *RMB'000*	Total (Audited) *RMB'000*
Balance as at 1 July 2004	106	—	827	—	482,519	343,227	826,679
Issuing costs	—	-	(636)	—	—	—	(636)
Issue of ordinary shares in a subsidiary	—	—	21,200	—	—	—	21,200
Consolidated profit for the period	—	—	—	—	—	40,537	40,537
Balance as at 31 December 2004	**106**	**—**	**21,391**	**—**	**482,519**	**383,764**	**887,780**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Share capital (Audited) *RMB'000*	Share premium (Audited) *RMB'000*	Merger reserve (Audited) *RMB'000*	Share option reserve (Audited) *RMB'000*	Capital reserve (Audited) *RMB'000*	Retained profit (Audited) *RMB'000*	Total (Audited) *RMB'000*
Balance as at 1 July 2004	106	—	827	—	482,519	343,227	826,679
Issue of new shares	5,194	—	—	—	—	—	5,194
Issue of ordinary shares in a subsidiary	—	—	21,200	—	—	—	21,200
Repurchase of ordinary shares in a subsidiary	—	—	(21,200)	—	—	—	(21,200)
Acquisition of subsidiary	—	—	(5,300)	—	—	—	(5,300)
Convertible bond	—	—	—	—	15,107	—	15,107
Consolidated profit for the year	—	—	—	—	—	248,808	248,808
Balance as at 30 June 2005	**5,300**	**—**	**(4,473)**	**—**	**497,626**	**592,035**	**1,090,488**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Six months ended 31 December		Year ended 30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Profit from ordinary activities before taxation	**59,092**	44,117	269,778
Unrealised exchange loss	**540**	—	—
Interest income	**(1,625)**	(39)	(348)
Finance costs	**4,144**	351	3,575
Depreciation	**7,916**	5,829	11,764
Employee share option benefits	**979**	—	—
Amortisation of land use rights	**627**	525	1,096
Amortisation of deferred development costs	**1,000**	1,000	2,000
Gain on change of terms of convertible bond	**(1,537)**	—	—
Fair value gain on investments held for trading	**(3,039)**	—	—
Revaluation gain of biological assets	**(20,000)**	(8,000)	(103,340)
Share of loss of associates	**778**	—	—
Write off of biological assets	**—**	—	782
Operating profit before changes in working capital	**48,875**	43,783	185,307
Increase in inventories	**(973)**	(82)	(587)
Increase in accounts receivable	**(2,859)**	—	—
Decrease in other receivables	**4,916**	24,687	20,276
Increase in trade payables and accrued expenses	**12,672**	35	47
Increase/(decrease) in due to related parties	**1,695**	(1,356)	(1,457)
Cash generated from operation	**64,326**	67,067	203,586
Tax paid	**(19,823)**	—	—
Net cash inflow from operating activities	**44,503**	67,067	203,586

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Six months ended 31 December		Year ended 30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from investing activities			
Purchases of property, plant and equipment	**(354)**	(33)	(411)
Additions in land use rights	**(8,654)**	(21,570)	(26,600)
Construction-in-progress paid	**(76,163)**	(51,492)	(204,262)
Purchases of biological assets	**(3,000)**	—	(4,500)
Investments in associates	**(38)**	—	—
Investments held for trading	**(20,122)**	—	—
Interest received	**1,625**	39	348
Net cash used in investing activities	**(106,706)**	(73,056)	(235,425)
Cash flows from financing activities			
Proceeds from issue of new shares in subsidiaries	**—**	21,200	21,200
(Decrease)/increase in due to related parties	**(12,500)**	12,500	12,500
(Repayments to)/advances from shareholders	**(1,168)**	1,168	1,168
Advances to an associate	**(13,865)**	—	—
Issue of convertible bond	**—**	—	80,212
Repayments of short-term bank loans	**—**	(20,000)	(20,000)
Repayments to ultimate holding company	**(9,715)**	—	—
Proceeds from issue of new shares	**145,945**	—	—
Issuing costs paid	**(38,296)**	—	—
Finance costs paid	**(1,416)**	(351)	(356)
Net cash inflow from financing activities	**68,985**	14,517	94,724
Effect of exchange rate changes on cash and cash equivalents	**(1,362)**	—	—
Net increase in cash and cash equivalents	**5,420**	8,528	62,885
Cash and cash equivalents at beginning of period/year	**82,015**	19,130	19,130
Cash and cash equivalents at end of period/year	**87,435**	27,658	82,015

Non-cash transactions

(a) On 3 August 2005, 1,703,049 new ordinary shares of HK$0.10 each were issued to a holder of the convertible bond upon conversion of part of the convertible bond with nominal value of HK$24,000,000.

(b) On 3 August 2005, the Company granted 350,000 options at the exercise price of 112 pence per share to Evolution Securities China Limited as corporate finance fee and commission pursuant to the placing agreement. The fair value of those options amounting to RMB1,408,000 and was accounted for as a share option reserve.

(c) On 3 August 2005, the Company granted 1,155,000 options at the exercise price of 112 pence per share to a director and certain employees under the employee share option plan. The fair value of the options, vested during the six months ended 31 December 2005, amounting to RMB979,000 and was accounted for as a share option reserve.

(d) During the period, additions of construction-in-progress amounting to RMB2,687,000 have been credited to accrued expense accounts as these have not yet been paid as at 31 December 2005.

(e) Interest payable of RMB707,000 has been debited to the liability component of the convertible bond and credited to accrued expense accounts as this has not yet been paid as at 31 December 2005.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GROUP REORGANISATION AND BASIS OF PREPARATION

Asian Citrus Holdings Limited (the "Company") was incorporated on 4 June 2003 as a limited liability company under the jurisdiction of Bermuda. The shares of the Company were admitted to trading on the Alternative Investment Market (AIM) of the London Stock Exchange on 3 August 2005.

In preparation for the admission of the Company's shares on AIM, the Company has undergone a group reorganisation (the "Reorganisation") on 29 June 2005 pursuant to which the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the Company's AIM admission documents dated 28 July 2005.

Pursuant to the Reorganisation, the Group is regarded as a continuing entity. Accordingly, the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement of the Group as set out on pages 10 to 17, have been prepared as if the Company was in existence and had wholly owned each subsidiary since 1 July 2001 or since their respective date of incorporation.

The following subsidiaries have been included within the consolidated financial statements.

	Place of Incorporation	Date of Incorporation
Newasia Global Limited ("Newasia")	British Virgin Islands ("BVI")	2 December 1997
Lucky Team Biotech Development (Hepu) Limited ("Lucky Team (Hepu)")	People's Republic of China ("PRC")	11 April 2000
Litian Biological Science & Technology Development (Xinfeng) Company Limited ("Litian Xinfeng")	PRC	21 November 2002
Asian Citrus Management Company Limited	BVI	18 June 2003
Asian Citrus (H.K.) Company Limited	Hong Kong	13 October 2004
Access Fortune Investments Limited	BVI	18 July 2005
Raised Energy Investments Limited	BVI	18 July 2005
Lucky Team Biotech Development (Zigui) Limited ("Lucky Team (Zigui)")	PRC	8 August 2005

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand.

The unaudited consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards ("IAS") and Standing Interpretations approved by the International Accounting Standards Committee that remain in effect. In particular, the unaudited consolidated interim financial statements of the Group comply with IAS 34 Interim Financial Reporting and the AIM Rules issued by the London Stock Exchange.

The unaudited consolidated interim financial statements of the Group have been prepared under the historical cost convention, as modified by the measurement in the fair value of biological assets, investments held for trading and financial instruments.

The principal accounting policies used in the preparation of the unaudited consolidated interim financial statements of the Group are consistent with those used in the audited annual financial statements of the Group for the year ended 30 June 2005. The new accounting policies used in the preparation of these unaudited consolidated interim financial statements are described as below:

a) Share-based payment

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options grants, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE *(continued)*

a) Share-based payment *(continued)*

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

b) Interests in associates

An associate is an entity in which the equity interest is held on a long term basis and significant influence is exercised in its management.

An investment in an associate is accounted for under the equity method and is initially recorded at cost and the carrying amount is increased or decreased to recognise the Group's share of the net assets of the associate after the date of acquisition.

The income statement reflects the Group's share of the post-acquisition results of the associates for the period/year, including any impairment loss. When the Group's share of losses exceeds its interests in the associate, the Group's interest in the associate is reduced to nil and recognition of further losses is discontinued unless the Group has incurred obligations or guarantee obligations in respect of the associate.

Unrealised gains arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

c) Accounts receivable

Accounts receivable do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE *(continued)*

d) Investments held for trading

Investments held for trading are recognised and derecognised on the trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair values. At each balance sheet date, these are stated at their fair values and any gains and losses arising from changes in fair values are included in the income statement during the period/year.

3 TURNOVER

The principal activities of the Group are the planting, cultivation and selling of agricultural products.

Turnover represents the sales value of goods supplied to customers.

4 OTHER REVENUE

	Six months ended 31 December		Year ended 30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Exchange gain, net	**4,163**	30	25
Gain on change of terms of convertible bond	**1,537**	—	—
Fair value gain on investments held for trading	**3,039**	—	—
Other income	**1,929**	—	—
	10,668	30	25

5 SEGMENT INFORMATION

a) Business segment

Throughout the six months ended 31 December 2004 and 2005 and the year ended 30 June 2005 the Group operated in one business segment, which was planting, cultivation and selling of agricultural products. All of the Group's assets, liabilities and results relate to this segment.

b) Geographical segment

Throughout the six months ended 31 December 2004 and 2005 and the year ended 30 June 2005 the Group operated in one geographical segment, which was the PRC. All the Group's assets, liabilities and results relate to this segment.

6 PROFIT FROM OPERATIONS

Profit from operations is stated after charging the following:

	Six months ended 31 December		Year ended 30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Auditors' remuneration	**297**	53	573
Inventories used			
- production	**28,744**	22,037	73,102
- general and administration	**5,773**	713	12,322
	34,517	22,750	85,424
Staff costs (including directors' emoluments)			
- production	**4,642**	4,267	10,687
- selling and distribution	**438**	477	1,005
- general and administration	**5,920**	600	1,439
	11,000	5,344	13,131
Depreciation of property, plant and equipment			
- production	**5,747**	5,535	11,203
- general and administration	**2,169**	294	561
	7,916	5,829	11,764
Other operating expenses			
- production	**2,420**	1,910	4,221
- selling and distribution	**7,879**	6,731	17,755
- general and administration	**10,099**	10,129	19,596
	20,398	18,770	41,572
Of which:			
Amortisation of land use rights	**627**	525	1,096
Amortisation of deferred development costs	**1,000**	1,000	2,000
Employee share option benefits	**979**	—	—
Operating lease expenses			
- plantation base	**3,022**	3,009	6,018
- office premises	**213**	47	95
Research expenses	**2,577**	1,198	4,321

6 PROFIT FROM OPERATIONS *(continued)*

The directors received emoluments of approximately RMB24,000, RMB2,984,000 and RMB48,000 for the six months ended 31 December 2004 and 2005 and the year ended 30 June 2005, respectively.

7 FINANCE COSTS

	Six months ended 31 December		Year ended 30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans wholly repayable within five years	—	350	350
Bank charges	**10**	1	6
Interest on convertible bond	**4,134**	—	3,219
	4,144	351	3,575

8 TAXATION

The amount of taxation charged to the consolidated income statement represents:

	Six months ended 31 December		Year ended 30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
PRC foreign enterprise income tax ("FEIT") *(Note(a))*	**6,577**	2,830	13,544
Deferred tax	**3,013**	750	7,426
	9,590	3,580	20,970

8 TAXATION *(continued)*

Taxation payable in the consolidated balance sheet represents:

	31 December		30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Balance of provision relating to previous years	**30,537**	16,993	16,993
FEIT provision for the period/year	**6,577**	2,830	13,544
Tax payment	**(19,823)**	—	—
	17,291	19,823	30,537

(a) FEIT

Lucky Team (Hepu), a wholly owned subsidiary established in Hepu county, Guangxi Zhuang Autonomous Region, PRC, is subject to a preferential PRC FEIT rate of 15 per cent up to year 2010. In addition, as a wholly-foreign owned enterprise, Lucky Team (Hepu) was exempted from FEIT for two years ended 30 June 2002, followed by a 50 per cent reduction for the three years ended 30 June 2005.

For the six months ended 31 December 2004 and the year ended 30 June 2005 Lucky Team (Hepu) was subject to FEIT rate of 7.5 per cent. For the six months ended 31 December 2005 Lucky Team (Hepu) is subject to a FEIT rate of 15 per cent.

Litian (Xinfeng) and Lucky Team (Zigui), wholly owned subsidiaries established in Xinfeng county, Jiangxi Province and Zigui county, Hubei Province respectively in the PRC, had not commenced business as at 31 December 2005 and accordingly are not subject to FEIT.

(b) Hong Kong and other jurisdiction profits tax

No Hong Kong profits tax has been provided as the Group had no assessable profit arising in or derived from Hong Kong. The other members of the Group are registered as exempt companies within their country of incorporation.

8 TAXATION *(continued)*

(c) Deferred taxation

	31 December 2005 (Unaudited) ***RMB'000***	2004 (Audited) *RMB'000*	30 June 2005 (Audited) *RMB'000*
At beginning of period/year	**(10,641)**	(3,215)	(3,215)
Provision for deferred tax	**(3,013)**	(750)	(7,426)
Deferred tax liabilities at end of period/year	**(13,654)**	(3,965)	(10,641)

Net tax liabilities by type of temporary difference:

	31 December 2005 (Unaudited) ***RMB'000***	2004 (Audited) *RMB'000*	30 June 2005 (Audited) *RMB'000*
Tax assets:			
Construction-in-progress	**8,873**	2,799	4,186
Land use rights	**—**	79	122
Other receivables	**55**	—	13
Accrued expenses	**187**	229	104
Other items	**1,499**	512	786
	10,614	3,619	5,211
Tax liabilities:			
Property, plant and equipment	**(12,340)**	(6,799)	(7,638)
Biological assets	**(11,439)**	(785)	(8,214)
Land use rights	**(480)**	—	—
Inventories	**(9)**	—	—
	(24,268)	(7,584)	(15,852)
Net tax liabilities	**(13,654)**	(3,965)	(10,641)

8 TAXATION *(continued)*

(d) For the six months ended 31 December 2005, the applicable tax rate to the Group was 15 per cent.

The charges can be reconciled to the profit in the consolidated income statement as follows:

	Six months ended 31 December		Year ended 30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audital)
	RMB'000	*RMB'000*	*RMB'000*
Profit from ordinary activities before taxation	**59,092**	44,117	269,778
Tax at the applicable tax rate of 15%	**8,864**	6,618	40,467
Tax effect of tax reduction to 7.5%	**—**	(3,309)	(20,233)
Tax effect of non-taxable revenue	**(1,833)**	—	—
Tax effect of expenses in group companies not subject to taxation	**2,559**	271	736
	9,590	3,580	20,970

9 EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 31 December 2005, is based on the unaudited profit attributable to shareholders of approximately RMB49,502,000 during the period and the weighted average number of approximately 58,785,000 ordinary shares in issue during the period after adjusting the effects of the issue of 9,072,813 new ordinary shares when the shares of the Company was admitted to trading on AIM and the issue of 1,703,049 new ordinary shares to a holder of the convertible bond upon conversion of part of the convertible bond with nominal value of HK$24,000,000 on 3 August 2005 (Note 17).

The calculation of the basic earnings per share for the six months ended 31 December 2004 and the year ended 30 June 2005 is based on the audited profit attributable to shareholders of approximately RMB40,537,000 and RMB248,808,000 during the period/year and assuming that 50,000,000 shares were in issue throughout the period ended 31 December 2004 and the year ended 30 June 2005, being 1,000,000 shares in issue and issuable and taking account 49,000,000 shares issued on 29 June 2005.

The calculation of the diluted earnings per share for the six months ended 31 December 2005 is based on the unaudited profit attributable to shareholders of approximately RMB49,502,000 during the period and the weighted average number of approximately 58,816,000 ordinary shares in issue after adjusting for the number of dilutive potential ordinary shares arising from the outstanding share options granted by the Company during the period. The convertible bond has no dilutive effect of earnings per share during the period.

The diluted earnings per share for the six months ended 31 December 2004 is not calculated because no dilutive events were in existence during the period.

The calculation of the diluted earnings per share for the year ended 30 June 2005 is based on the audited profit attributable to shareholders of approximately RMB252,027,000 after adjusting for interest on convertible bond and the weighted average number of approximately 51,781,000 ordinary shares in issue after adjusting for the number of dilutive potential ordinary shares arising from the conversion of convertible bond.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 DIVIDEND

No dividend has been declared or paid by the Company during the six months ended 31 December 2004 and 2005 and the year ended 30 June 2005.

11 PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment are:

	Buildings (Unaudited) *RMB'000*	Leasehold improvements (Unaudited) *RMB'000*	Leasehold Furniture fixtures and office equipment (Unaudited) *RMB'000*	Motor vehicles (Unaudited) *RMB'000*	Farmland infrastructure and machinery (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
Cost						
As at 1 July 2005	8,340	431	465	1,180	314,338	324,754
Additions	—	42	102	180	30	354
Transfer from construction-in-progress	1,011	2,349	—	—	117,441	120,801
As at 31 December 2005	**9,351**	**2,822**	**567**	**1,360**	**431,809**	**445,909**
Accumulated depreciation						
As at 1 July 2005	888	53	312	839	48,478	50,570
Charge for the period	119	44	49	75	7,629	7,916
As at 31 December 2005	**1,007**	**97**	**361**	**914**	**56,107**	**58,486**
Carrying amounts						
As at 31 December 2005	**8,344**	**2,725**	**206**	**446**	**375,702**	**387,423**
As at 30 June 2005	7,452	378	153	341	265,860	274,184

12 BIOLOGICAL ASSETS

Biological assets represent orange trees, infant trees and immature seedlings. The role of orange trees is to supply oranges through the processes of growth in each production cycle. The infant trees and immature seedlings are held for transforming into orange trees. The biological assets can be summarised as follows:

	Immature seedlings		Infant trees		Orange trees		Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Number	*RMB'000*	*Number*	*RMB'000*	*Number*	*RMB'000*	*RMB'000*
Cost							
As at 1 July 2005	1,674	9	846,077	7,197	1,246,052	502,000	509,206
Additions	300,000	3,000	—	—	—	—	3,000
Gain arising from changes in fair value less estimated point-for-use costs	—	—	—	—	—	20,000	20,000
As at 31 December 2005	**301,674**	**3,009**	**846,077**	**7,197**	**1,246,052**	**522,000**	**532,206**

The biological assets, including orange trees, infant trees and immature seedlings, were stated at fair values less estimated point-of-sale costs as at 1 July 2005 and 31 December 2005.

The fair values of biological assets as at 31 December 2005 are determined by the Directors and the valuation methodology used is consistent with those used in the annual financial statements of the Group for the year ended 30 June 2005 except for the assumed sales prices of Winter oranges which is revised from RMB2,480 per tonne to RMB2,520 per tonne to reflect the current market conditions.

The valuation methodology used to determine the fair value less estimated point-of-sale cost of orange trees, is in compliance with IAS 41 which, aims to determine the fair value of a biological asset in its present location and condition.

Both the infant trees and immature seedlings are still undergoing biological transformation before they are able to produce oranges. Once the infant trees and immature seedlings become mature and productive they will be transferred to the category of orange trees and measured at fair value less estimated point-of-sales costs at each balance sheet date.

12 BIOLOGICAL ASSETS *(continued)*

Output of oranges

	Six months ended 31 December		Year ended 30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	Tonnes	*Tonnes*	*Tonnes*
Total output for the period	**40,604**	35,924	96,977

13 INTERESTS IN ASSOCIATES

	31 December		30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Cost of investment in associates	**38**	—	—
Share of loss of associates	**(778)**	—	—
	(740)	—	—
Amount due from an associate	**13,865**	—	—
	13,125	—	—

The amount due from an associate is unsecured, interest fee and has no fixed terms of repayment.

Details of the Group's associates at 31 December 2005 are as follows:

Name of associate	**Place of incorporation and operation**	**Proportion of ownership interest**	**Principal activities**
Asian Fruits Limited	BVI	46%	Trading of fruits
Asian Fruits (Dongguan) Limited	PRC	46%	Trading of fruits

14. INVESTMENTS HELD FOR TRADING

Investments held for trading are investments in listed equity securities which can provide the Group with opportunity for investment returns through dividend income and trading gains. They have no fixed maturity or coupon rate and their fair values are based on quoted market prices.

15. INVENTORIES

	31 December		30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Agricultural materials	**1,745**	251	756
Packing materials	**67**	83	83
	1,812	334	839

Agricultural materials include fertilisers and pesticides not yet utilised at the period end. Packaging materials represent packing materials not yet utilised at the period end.

16 DUE TO RELATED PARTIES

	31 December 2005 (Unaudited) *RMB'000*	31 December 2004 (Audited) *RMB'000*	30 June 2005 (Audited) *RMB'000*
Fujian Zhangzhou Chaoda Fertiliser Microbe Organic Company Limited ("Zhangzhou Chaoda")	**1,845**	—	2,100
Weizhou Chaoda Microbe Organic Fertiliser Company Limited ("Weizhou Chaoda")	**1,950**	—	—
Fuzhou Chaoda Modern Agriculture Development Company Limited ("Fuzhou Chaoda")	**—**	12,500	12,500
Top Nation Shipping Limited	**—**	2,201	—
	3,795	14,701	14,600

The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

Zhangzhou Chaoda and Weizhou Chaoda are related parties of Lucky Team (Hepu) by virtue of Mr. Kwok Ho's interest. The entire registered share capital of Zhangzhou Chaoda and Weizhou Chaoda are indirectly held by Mr. Kwok Ho, a director of Lucky Team (Hepu) and a substantial shareholder in Chaoda Modern Agriculture (Holdings) Limited ("Chaoda"). Chaoda is in turn the holding company of Huge Market Investments Limited, a major shareholder in the Company.

Fuzhou Chaoda is a wholly-owned subsidiary of Chaoda.

Top Nation Shipping Limited is related by virtue of Mr. Tong Wang Chow's interest in the share capital.

17 ISSUED CAPITAL

	Number of shares	Share capital	
		HKD'000	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 July 2005	50,000,000	5,000	5,300
Issue of new shares	9,072,813	907	944
Conversion of convertible bond	1,703,049	170	177
As at 31 December 2005	60,775,862	6,077	6,421

On 3 August 2005, the Company's shares were admitted to trading on AIM and 9,072,813 new ordinary shares of HK$0.10 each were issued to the public investors.

On the same date 1,703,049 new ordinary shares of HK$0.10 each were issued to a holder of the convertible bond upon conversion of part of the convertible bond with nominal value of HK$24,000,000.

The ordinary shares issued for the six months ended 31 December 2005 rank pari passu with the existing ordinary shares in issue.

18 CONVERTIBLE BOND

The convertible bond, with the nominal amount of HK$100,000,000, originally issued by Newasia, a wholly owned subsidiary of the Company, was cancelled on 14 July 2005 whilst the new convertible bond totaling HK$100,000,000 was issued by the Company with revised principal terms on the same date as follows:

Holder	Robinson & Company*	Mr. Yim Hin Keung
Face value	HK$80,000,000	HK$20,000,000
Maturity date	3 years from date of issue	3 years from date of issue
Coupon rate	Zero per cent	5 per cent per annum
Conversion price	At initial rate of HK$16.31 per share, subject to achieving an investment return of not less than 25 per cent per annum	At initial rate of HK$16.31 per share, subject to achieving an investment return of not less than 25 per cent per annum

* Robinson & Company is the nominee of Metage Funds Limited and Metage Special Emerging Markets Funds Limited which own the convertible bonds amounting to HK$55,000,000 and HK$25,000,000 respectively.

On 3 August 2005, 1,703,049 new shares of HK$0.10 each were issued to Robinson & Company upon conversion of part of the convertible bond with nominal value of HK$24,000,000.

The fair value of the liability component and equity component of convertible bond have been revised according to the change in the terms of convertible bond.

The fair value of the liability component, stated as non-current liability, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity component, is included in the capital reserve within the shareholders' equity.

18 CONVERTIBLE BOND *(continued)*

Convertible bond recognised in the balance sheet is calculated as follows:

	Liability component *RMB'000*	**Equity component** *RMB'000*
As at 1 July 2005	87,978	15,107
Change of the terms of convertible bond	(9,327)	7,790
Conversion of convertible bond	(18,376)	(5,963)
Interest on convertible bond (Note 7)	4,134	—
Interest payable	(707)	—
Exchange difference	(1,202)	—
As at 31 December 2005	62,500	16,934

Interest on convertible bond is calculated using the effective interest method by applying the effective interest rate of 12.79 per cent to the liability component.

The fair value of the liability component of convertible bond as at 31 December 2005 amounting to approximately RMB63,669,000. The fair value is calculated using cash flows discounted at a rate based on the borrowing rate of 12.375 per cent.

19 COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments:

	31 December		30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for			
- Expenditure in construction-in-progress	**129,145**	166,662	129,974
- Purchases of immature seedlings	**1,000**	—	—
	130,145	166,662	129,974

19 COMMITMENTS *(continued)*

(b) Operating leases commitments

The Group had the future minimum lease payments under non-cancellable operating leases which fall due as follows:

	31 December		30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	**6,579**	6,113	6,113
After 1 year but within 5 years	**24,877**	24,450	24,450
After 5 years	**248,401**	254,513	251,457
	279,857	285,076	282,020

Operating leases relate to the leases of office premises in Hong Kong and the leases of land on which the Group's two plantations in Hepu County and Xinfeng County are situated. The leases of two plantations are for 50 years expiring in 2050 and 2052 respectively.

20 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions which were carried out in the normal course of the Group's business:

	Six months ended 31 December		Year ended 30 June
	2005	2004	2005
	(Unaudited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Purchases of organic fertilisers from:			
Zhangzhou Chaoda	**3,045**	3,330	15,405
Weizhou Chaoda	**1,950**	2,175	6,390
	4,995	5,505	21,795
Management fees paid to:			
Top Nation Shipping Limited	**51**	308	617
Operating lease expenses paid to:			
Pan Air & Sea Forwarders (HK) Limited	**86**	—	—

20 RELATED PARTY TRANSACTIONS *(continued)*

The directors are of the opinion that these transactions were conducted on normal commercial terms in the normal course of business at prices and terms not less that those charged to or contracted with other third parties.

Pan Air & Sea Forwarders (HK) Limited is related by virtue of Mr. Tong Wang Chow's interest in the share capital.

The advances of RMB12,500,000 from Fuzhou Chaoda for the six months ended 31 December 2004 were fully repaid during the six months ended 31 December 2005. These advances were unsecured and interest free.

The amounts due to shareholders and ultimate holding company of RMB1,168,000 and RMB9,715,000 were fully repaid during the six months ended 31 December 2005. These amounts were unsecured and interest free.

21 SIGNIFICANT SUBSEQUENT EVENTS

On 3 February 2006, 1,226,087 ordinary shares of HK$0.10 each were issued to a holder of the convertible bond upon conversion of the convertible bond with nominal value of HK$20,000,000.

22 APPROVAL OF THE INTERIM FINANCIAL REPORT

These unaudited consolidated interim financial statements were approved and authorised for issue by the Board of directors on 10 March 2006.

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