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)

INTERIM REPORT
2015/16

* *For identification purposes only*

CONTENTS

This interim report is printed on environmental-friendly paper

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS (RMB MILLION)

	For the six months ended 31 December 2015	2014	% change
Reported financial information			
Revenue	**387.2**	584.4	-33.7
Gross loss	**-440.7**	-132.9	231.6
EBITDA	**-1,515.8**	-152.6	893.3
Loss before tax	**-1,622.0**	-235.3	589.3
Loss attributable to shareholders	**-1,616.3**	-236.4	583.7
Basic loss per share (RMB)	**-1.29**	-0.19	578.9
Adjusted core financial information#			
EBITDA	**-421.7**	-109.2	286.2
Loss before tax	**-527.8**	-191.9	175.0
Loss attributable to shareholders	**-522.1**	-193.0	170.5
Basic loss per share (RMB)	**-0.42**	-0.15	180.0
Gross loss margin (%)	**-113.8**	-22.7	
Asset turnover (x)	**0.11**	0.10	

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

FINANCIAL POSITION (RMB MILLION)

	31 December 2015	30 June 2015
Total assets	**3,658.3**	5,274.7
Net current assets	**751.4**	1,363.8
Cash and cash equivalents	**521.4**	937.6
Shareholders' fund	**3,412.8**	5,021.8
Current ratio (x)	**6.48**	10.83

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I wish to report to you the developments of Asian Citrus Holdings Limited (the "Company") and its subsidiaries (the "Group") for the six months ended 31 December 2015, as well as our plan and outlook for the year ending 30 June 2016 and beyond.

The operating environment of the Group has been difficult in the past few years with adverse weather conditions and the devastating effects of Huanglongbing disease posing significant challenges to the business and financial operations of the Group. We suffered significant losses resulting from decreasing production yields and increasing margin pressures in our Hepu Plantation and Xinfeng Plantation during the six months ended 31 December 2015. Xinfeng Plantation was shut down after the winter harvest in December 2015 as a consequence of the widespread Huanglongbing disease suffered at the plantation leading to substantial impairment losses and provisions relating to the cessation of operation.

The processed fruit business, which involves the manufacture and sale of fruit juice concentrates, purees and frozen fruit and vegetables also reported a loss for the first half year as a result of lower utilisation rates and the increased cost of materials.

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

With that in view, we have promptly adjusted our business strategies and will actively consolidate our business. We shall focus on improving efficiency and utilisation of all our assets as well as the implementation of the cost control program to reduce the operating costs of the Group. All these measures will enable the Group to reallocate its resources to strengthen its core operations and improve its operational efficiency and profitability.

Moving forward, the Group will seek to identify attractive investment and acquisition opportunities, so as to enhance profitability and maximise our shareholders' value. We keep an open mind when exploring new opportunities, but will only invest in high potential projects on a selective and prudent basis, without compromising the financial stability of the Group.

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

Finally, I would like to take this opportunity to express my heartfelt gratitude to my fellow directors, management and all staff for the hard work and dedication in supporting the development of the Group, and the shareholders for their continuing support and confidence in the Group.

Ng Ong Nee
Chairman

26 February 2016

OPERATING PERFORMANCE

Revenue

The breakdown of revenue by type is as follows:

	For the six months ended 31 December			
	2015		2014	
	RMB'000	% of total revenue	RMB'000	% of total revenue
Hepu Plantation	10,783	2.8%	16,165	2.8%
Xinfeng Plantation	25,996	6.7%	324,834	55.6%
Sales of oranges	36,779	9.5%	340,999	58.4%
Sales of processed fruit	331,160	85.5%	243,398	41.6%
Sales of bananas	18,656	4.8%	–	–
Sales of self-bred saplings	564	0.2%	–	–
Total revenue	387,159	100.0%	584,397	100.0%

Sales of oranges

Revenue from the sale of oranges decreased by approximately 89.2% to RMB36.8 million for the six months ended 31 December 2015. This was mainly due to a decrease of approximately 86.0% in the production yield to 15,565 tonnes (six months ended 31 December 2014: 110,993 tonnes) and an approximate decrease in average selling price of 23.0%.

The production yield from Hepu Plantation decreased by approximately 34.6% from 7,146 tonnes for the corresponding period of last year to 4,671 tonnes for the six months ended 31 December 2015. The decrease in production was mainly due to the impact of poor weather.

The production yield from Xinfeng Plantation decreased by approximately 89.5% from 103,847 tonnes for the corresponding period of last year to 10,894 tonnes for the six months ended 31 December 2015, reflecting the dramatic impact of the Huanglongbing disease infection. As previously announced, Xinfeng Plantation ceased operation permanently after completion of the winter orange harvest in December 2015.

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

	For the six months ended 31 December	
	2015 (RMB/tonne)	2014 (RMB/tonne)
Hepu Plantation	2,380	2,310
Xinfeng Plantation	2,460	3,221

The average selling price of the winter orange crop in Hepu Plantation increased by approximately 3.0% for the six months ended 31 December 2015. However, the average selling price at Xinfeng Plantation was approximately 23.6% lower than the corresponding period of last year, reflecting the poor quality of oranges infected by Huanglongbing disease.

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

	For the six months ended 31 December	
	2015	2014
	% of sales of oranges	
Supermarket chains	**–**	25.5%
Corporate customers	**–**	44.9%
Wholesale customers	**99.9%**	29.2%
Other	**0.1%**	0.4%
Total	**100.0%**	100.0%

For the six months ended 31 December 2015, the proportion of oranges sold to wholesalers reflected the poor quality oranges at of both Hepu Plantation and Xinfeng Plantation.

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

	For the six months ended 31 December	
	2015	2014
	% of sales of oranges	
Graded oranges	**–**	3.0%
Ungraded oranges	**100.0%**	97.0%
Total	**100.0%**	100.0%

Sales of processed fruit

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

	For the six months ended 31 December			
	2015		2014	
	Volume (Tonnes)	Revenue RMB'000	Volume (Tonnes)	Revenue RMB'000
Pineapple juice concentrates	3,529	38,111	1,263	13,767
Other juice concentrates	3,879	59,408	4,610	61,106
Mango purees	6,545	46,026	6,305	43,922
Other fruit purees	3,858	32,298	2,580	21,304
Frozen mango	6,125	76,227	3,878	37,495
Other frozen fruit and vegetables	4,393	56,048	5,316	64,151
	28,329	308,118	23,952	241,745
Fruit juice trading	N/A	23,042	N/A	1,653
Total	28,329	331,160	23,952	243,398

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

Revenue derived from the sales of processed fruit increased by approximately 36.1% to approximately RMB331.2 million for the six months ended 31 December 2015, mainly due to increased sales of pineapple juice concentrates, frozen mango and fruit juice trading. The sales volume of processed fruit increased by approximately 18.3% from 23,952 tonnes for the corresponding period of last year to 28,329 tonnes for the six months ended 31 December 2015.

The average utilisation rate of BPG was approximately 70.4% for the six months ended 31 December 2015 (six month ended 31 December 2014: 82.9%).

Sales of bananas

The first crop of banana trees was harvested in the third quarter of 2015. The production yield and the average selling price of bananas were 5,931 tonnes and RMB3,146 per tonne respectively for the six months ended 31 December 2015.

Sales of self-bred saplings

For the six months ended 31 December 2015, approximately RMB564,000 was generated from the sales of 50,484 self-bred saplings to local farmers (six months ended 31 December 2014: nil).

Cost of sales

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

	For the six months ended 31 December			
	2015		2014	
	RMB'000	% of cost of sales of respective segment	RMB'000	% of cost of sales of respective segment
Inventories used				
Fertilisers	262,130	54.0%	278,714	55.3%
Packaging materials	–	–	3,752	0.7%
Pesticides	101,464	20.9%	77,681	15.4%
	363,594	74.9%	360,147	71.4%
Production overheads				
Direct labour	26,027	5.3%	48,606	9.6%
Depreciation	53,703	11.1%	55,457	11.0%
Others	42,158	8.7%	40,137	8.0%
Cost of sales of oranges	485,482	100.0%	504,347	100.0%
Fruit	246,741	75.7%	146,036	68.6%
Packaging materials	14,638	4.5%	13,290	6.2%
Direct labour	22,566	6.9%	17,920	8.4%
Other production overheads	41,883	12.9%	35,724	16.8%
Cost of sales of processed fruit	325,828	100.0%	212,970	100.0%
Cost of sales of bananas	15,558		–	
Cost of sales of self-bred saplings	950		–	
Total	827,818		717,317	

Cost of sales of oranges consists of raw materials such as fertilisers, packaging materials, pesticides and other direct costs such as direct labour, depreciation and production overheads. Cost of sales was RMB485.5 million and the unit cost of production in Hepu Plantation and Xinfeng Plantation increased significantly to approximately RMB20.74 per kg and RMB35.67 per kg respectively for the six months ended 31 December 2015 (six months ended 31 December 2014: RMB12.02 per kg and RMB4.03 per kg respectively) as impacted by the significant drop in production yield in both plantations and the need to apply additional pesticides to prevent the spread of the Huanglongbing disease and protect the unaffected orange trees.

Cost of sales of processed fruit mainly includes the costs of raw material fruit and packaging materials and other direct costs such as direct labour and production overheads. For the six months ended 31 December 2015, the cost of sales of processed fruit increased by approximately 53.0% from approximately RMB213.0 million to RMB325.8 million, mainly due to the increase in sales volume of processed fruit and juice trading.

Cost of bananas mainly includes the fertilisers, packaging materials, pesticides and other direct costs such as direct labour, depreciation and production overheads. The cost of sales of bananas and unit cost were RMB15.6 million and RMB2.62 per kg respectively for the six months ended 31 December 2015.

Gross loss

The Group recorded an overall gross loss of approximately RMB440.7 million for the six months ended 31 December 2015 compared to the gross loss of approximately RMB132.9 million for the last corresponding period. The overall gross loss margin was 113.8% for the six months ended 31 December 2015 compared to the gross loss margin of 22.7% for the last corresponding period.

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

	For the six months ended 31 December	
	2015	2014
Hepu Plantation	**–281.9%**	–431.4%
Xinfeng Plantation	**–1,394.9%**	–28.8%

The increase in gross loss margin was mainly due to (i) the increase in unit cost of production as a result of approximately 86.0% decrease of the total production yield of the winter orange crop and the increase in costs of additional pesticides for the prevention of the spread of the Huanglongbing disease in Xinfeng Plantation; and (ii) the average selling price of the winter orange crop in Xinfeng Plantation decreasing by approximately 23.6%.

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

	For the six months ended 31 December	
	2015	2014
Sales of oranges	**–1,220.0%**	–47.9%
Sales of bananas	**16.6%**	–
Sales of processed fruit	**1.6%**	12.5%

For BPG, the gross profit margin for the six months ended 31 December 2015 decreased to approximately 1.6% compared to 12.5% for the corresponding period of last year. The decrease was mainly due to (i) increased cost of raw materials, such as the increase in average purchase costs of mango by 17.8% to RMB2.52 per kg (six months ended 31 December 2014: RMB2.14 per kg) and (ii) increased labour costs.

Change in fair value of biological assets

The Group recognised a loss of RMB190 million from an adjustment in the fair value of biological assets for the six months ended 31 December 2015, compared to a loss of RMB40 million for the corresponding period of last year. The loss was mainly due to the decrease in production yield and increased cost of sales of both winter and summer 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 2015. Further details regarding the valuation of the biological assets are set out on pages 14 to 17.

Selling and distribution expenses

Selling and distribution expenses comprise mainly advertising, staff commission, salaries and welfare of sales personnel, traveling and transportation expenses. The selling and distribution expenses of the Group decreased by 55.5% from approximately RMB19.7 million for the corresponding period of last year to approximately RMB8.8 million for the six months ended 31 December 2015, mainly due to a decrease in advertising expenses, sales commission and transportation costs resulting from a decrease in revenue from sales of oranges.

General and administrative expenses

General and administrative expenses comprise mainly salaries, office administration expenses, depreciation, amortisation, and research costs. The general and administrative expenses of the Group increased by 59.7% from approximately RMB59.8 million for the corresponding period of the year to approximately RMB95.5 million for the six months ended 31 December 2015, mainly due to the write off of inventories caused by the deterioration of juice concentrates in cold storage induced by a temporary suspension of the electricity supply, research costs incurred by the processed fruit business and the loss on disposal of plant and machinery for the period.

Other operating expenses

For the six months ended 31 December 2015, the Group's other operating expenses included impairment losses of (i) approximately RMB851.9 million on the property, plant and equipment and biological assets relating to the closure of Xinfeng Plantation and; (ii) approximately RMB45.2 million on intangible assets in respect of the capitalised development costs incurred for both Hepu Plantation and BPG (six months ended 31 December 2014: RMB488,000 relating to write off of inventories resulting from the damage caused by Typhoon Rammasun in July 2014).

Loss attributable to shareholders for the period

The loss attributable to shareholders for the six months ended 31 December 2015 was approximately RMB1,616.3 million, compared to a loss of approximately RMB236.4 million for the previous year's corresponding period, representing an increase of approximately 583.7%.

The adjusted core loss attributable to shareholders, which refers to the loss for the period excluding the change in fair value of biological assets, impairment losses on biological assets, impairment losses on property, plant and equipment, impairment losses on intangible assets and share-based payments for the six months ended 31 December 2015 was approximately RMB522.1 million, compared to the adjusted core loss of approximately RMB193.0 million for the corresponding period of last year, representing an increase of approximately 170.5%.

DIVIDENDS

In view of the Group's net loss for the period, the Board does not recommend the payment of any dividend for the six months ended 31 December 2015 (six months ended 31 December 2014: Nil). Our existing dividend policy, which stipulates a dividend of not less than 30% of our adjusted core net profit, remains unchanged.

CAPITAL STRUCTURE

As at 31 December 2015 there were 1,249,637,884 shares in issue. Based on the closing price of HK$0.89 as at 31 December 2015, the market capitalisation of the Company was approximately HK$1,112.2 million (approximately GBP97.1 million).

HUMAN RESOURCES

The Group had a total of 1,073 employees (excluding directors) as at 31 December 2015 (31 December 2014: 1,865 employees), and staff costs for the six months ended 31 December 2015 were approximately RMB67.9 million (six months ended 31 December 2014: RMB83.0 million). The Group aims to attract, retain and motivate high calibre individuals with competitive remuneration packages. Remuneration packages are performance-linked and business performance, market practices and competitive market conditions are all taken into consideration in calculating remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as discretionary bonuses, mandatory provident fund contributions and share options.

FINANCIAL PERFORMANCE

	31 December 2015	30 June 2015
Current ratio (x)	**6.48**	10.83
Quick ratio (x)	**4.78**	8.16
Net debt to equity (%)	**Net Cash**	Net Cash

	31 December 2015	31 December 2014
Asset turnover (x)	**0.11**	0.10
Adjusted core net loss per share (RMB)	**–0.42**	–0.15
Basic loss per share (RMB)	**–1.29**	–0.19

Liquidity

The current ratio and quick ratio were 6.48 and 4.78 respectively. Despite the fall in these ratios from the prior year, the liquidity of the Group remained healthy with sufficient reserves for both current operations and future development.

Profitability

The asset turnover of the Group for the six months ended 31 December 2015 was approximately 0.11 (six months ended 31 December 2014: 0.10).

The basic loss per share for the six months ended 31 December 2015 was approximately RMB1.29 (six months ended 31 December 2014: RMB0.19).

The adjusted core net loss per share for the six months ended 31 December 2015 was approximately RMB0.42 (six months ended 31 December 2014: RMB0.15).

Debt ratio

The net cash position of the Group was approximately RMB521.4 million as at 31 December 2015 (30 June 2015: 937.6 million).

Internal cash resource

The Group's funding resource is internal cash and cash equivalents. The Group did not have any outstanding borrowings as at 31 December 2015.

Charge on assets and contingent liabilities

Except for certain farmland infrastructure and machinery of RMB665,000 as disclosed in note 13 to the condensed consolidated financial statements, none of the Group's assets were pledged as security. The Group did not have any material contingent liabilities as at 31 December 2015.

Capital commitments

As at 31 December 2015, the Group had capital commitments of approximately RMB10.9 million, mainly in relation to the acquisition of plant and machinery of BPG.

Foreign exchange risk

The Group is exposed to currency risk, primarily through its cash and cash equivalents that are denominated in a currency other than the functional currency of the operation to which they 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

Xinfeng Plantation ceased operation permanently due to widespread of Huanglongbing disease after completion of the winter orange harvest in December 2015.

Following the closure of Xinfeng Plantation, the Group has two orange plantations in the PRC occupying approximately 99,000 mu (equivalent to approximately 66 sq.km.) of land in total, with (i) approximately 46,000 mu (equivalent to approximately 30.7 sq.km.) located in the Hepu County of the Guangxi Zhuang Autonomous Region, Hepu Plantation, and (ii) approximately 53,000 mu (equivalent to approximately 35.3 sq.km.) in the Dao County of the Hunan province, Hunan Plantation.

Hepu Plantation

Hepu Plantation is fully planted and comprises of approximately 1.2 million orange trees and 221,769 banana trees.

Hunan Plantation

Hunan Plantation is fully planted and comprises approximately 1.05 million summer orange trees and approximately 750,320 grapefruit trees.

The tables below set out the age profile as at 31 December 2015 and the production yield of the plantations for the six months ended 31 December 2015:

Summer orange trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Hunan Plantation No. of trees	Hunan Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
4	66,449	–	622,475	–	688,924	–
5	63,584	–	427,400	–	490,984	–
6	64,194	–	–	–	64,194	–
7	81,261	–	–	–	81,261	–
8	76,135	–	–	–	76,135	–
9	55,185	–	–	–	55,185	–
19	29,996	–	–	–	29,996	–
20	128,966	–	–	–	128,966	–
21	186,003	–	–	–	186,003	–
22	223,741	–	–	–	223,741	–
	975,514	–	1,049,875	–	2,025,389	–

Grapefruit trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Hunan Plantation No. of trees	Hunan Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
1	–	–	26,960	–	26,960	–
2	–	–	422,160	–	422,160	–
3	–	–	301,200	–	301,200	–
	–	–	750,320	–	750,320	–

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

Banana trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Hunan Plantation No. of trees	Hunan Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
0	221,769	5,931	–	–	221,769	5,931
	221,769	5,931	–	–	221,769	5,931

Winter orange trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Xinfeng Plantation No. of trees	Xinfeng Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
1	–	–	2,563	–	2,563	–
9	–	–	390,124	3,322	390,124	3,322
10	–	–	283,287	3,093	283,287	3,093
11	46,077	979	314,272	2,411	360,349	3,390
13	180,180	3,233	294,478	2,068	474,658	5,301
14	42,300	459	–	–	42,300	459
	268,557	4,671	1,284,724#	10,894	1,553,281	15,565
Total					4,550,759	21,496

Xinfeng Plantation is no longer economically productive due to the massive infection of Huanglongbing disease and has been shut down with operations ceasing permanently after completion of the winter orange harvest in December 2015; 1,284,724 citrus trees therein were then fully impaired.

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

Summer orange trees

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

Grapefruit trees

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

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

Banana trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Hunan Plantation No. of trees	Hunan Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
0	221,769	–	–	–	221,769	–
	221,769	–	–	–	221,769	–

Winter orange trees

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

VALUATION OF BIOLOGICAL ASSETS

Qualification of valuer

The Group engaged LCH (Asia–Pacific) Surveyors Limited (the "Valuer"), an independent valuer, to perform a valuation on the fair value of the orange trees less costs to sell as at 31 December 2015.

The Valuer is a firm of qualified professional surveyors and international valuation consultants with over 20 years of valuation experience. The Valuer has staff who are members of the Hong Kong Institute of Surveyors ("HKIS") with recent experience in the valuation of biological assets. The project leader of the Valuer (the "Project Leader") in charge of this valuation exercise has been involved in the provision of similar services for over 8 years and is a member of the HKIS. The Project Leader is also a valuer on the "List of Property Valuers for Undertaking Valuation for Incorporation of Reference in Listing Particulars and Circular and Valuations in Connection with Takeovers and Mergers" published by the HKIS. After due consideration of the experience and credentials of the Valuer, the Directors of the Company are satisfied that the Valuer is competent to assess the valuation of the Group's biological assets. Further, after reasonable enquiry with the Directors of the Company, the Directors of the Company are satisfied that the Valuer is independent from the Directors of the Company.

Physical inspection of biological assets

The Valuer has not conducted physical field inspection at Hepu Plantation for the valuation of the orange trees as at 31 December 2015, but has relied on the previous field inspection records in relation to the biological assets in July 2015 to verify the physical existence and quality of the biological assets. In the previous inspection, random sampling on every subzone has been conducted to check the reasonableness of the quantities in the subzone. The Valuer measured the tree spacing and counted the tree numbers on an area of, on a when and where appropriate basis, 50m x 50m in the sampling points. In every subzone, 3 to 8 sampling points (depending on the area of the subzone) were selected while in each sampling point, 10 to 20 trees were selected for detailed tree study. A total of 315 sample trees in Hepu Plantation have been studied.

Valuation methodology

The valuations of the Group's orange trees were calculated using the discounted cash flow technique. The market–derived discount rate applied to the discounted cash flow model is based on the Capital Asset Pricing Model. The Valuer began with the appraised value of the Group's orange trees by discounting the future income streams attributable to the Group's orange trees to arrive at a present value and then deducted the value of machinery and equipment and other assets (including plantation related machinery and equipment and land improvements) from the appraised value which are employed in the operation of Hepu Plantation to arrive at a fair value of the orange trees.

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 and related production costs. The values of such variables were determined by the 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 2015 was 18.0% (31 December 2014: 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. Comparable listed companies which engage in similar agricultural or fruit businesses have been referred to when determining the risk of the asset versus the general market risk.

2) The yield per tree variables represent the harvest level of the orange trees. The yield of orange trees is affected by the age, species and health of the orange trees, the climate, location, soil conditions, topography and infrastructure. In general, yield per tree increases from age 3 to 15, remains stable for about 10 years, and then starts to decline from age 25 to 35.

3) The market prices variables represent the assumed market price for the summer oranges and winter oranges produced by the Group. The Valuer adopted the historical market sales prices for each type of orange produced by the Group as the basis of sales price estimate. The wholesale prices per tonne of winter and summer oranges from Hepu Plantation prevailing as at 31 December 2015 were RMB2,380 and RMB3,620 respectively (31 December 2014: RMB2,310 and RMB5,150 respectively); the supermarket selling prices per tonne of winter and summer oranges from Hepu Plantation prevailing as at 31 December 2015 were RMB5,320 and RMB7,030 respectively (31 December 2014: RMB5,320 and RMB7,030 respectively). The market prices are assumed to increase by 3.0% per annum, taking into account to the historical inflation rate in the PRC.

4) The direct production cost variables represent the direct costs necessary to bring the oranges to their sales form, which mainly include raw material costs and direct labour costs. The direct production cost variables are determined by reference to actual costs incurred for areas that have been previously harvested, and have taken into account the projected long–term inflation rate of 3.0% per annum.

Sensitivity analysis

1) Changes in the discount rate applied result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group’s change in fair value of orange trees less costs to sell to an increase or decrease of 1.0% in the discount rate of 18.0% applied by the Valuer for the six months ended 31 December 2015:

	1.0% Decrease	**Base Case**	**1.0% Increase**
Discount rate	17.0%	18.0%	19.0%
Change in fair value of biological assets (RMB’000)	(100,000)	(190,000)	(260,000)

2) Changes in the yield per orange tree can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group’s change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the yield per tree applied for the six months ended 31 December 2015:

	5.0% Decrease	**Base Case**	**5.0% Increase**
Change in fair value of biological assets (RMB’000)	(230,000)	(190,000)	(140,000)

3) Changes in assumed market prices of the oranges can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group’s change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the assumed market prices of oranges used to calculate the changes in fair value of orange trees less costs to sell for the six months ended 31 December 2015:

	5.0% Decrease	**Base Case**	**5.0% Increase**
Change in fair value of biological assets (RMB’000)	(320,000)	(190,000)	(50,000)

4) Changes in the assumed cost of sales can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the Group's assumed cost of sales used to calculate the changes in fair value of orange trees less costs to sell for the six months ended 31 December 2015:

	5.0% Decrease	Base Case	5.0% Increase
Change in fair value of biological assets (RMB'000)	(90,000)	(190,000)	(280,000)

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 Valuer, the aggregate value of the orange trees in Hepu Plantation as at 31 December 2015 was estimated to be approximately RMB320 million (30 June 2015: RMB780 million, included the orange trees in Hepu Plantation and Xinfeng Plantation).

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF ASIAN CITRUS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information of Asian Citrus Holdings Limited and its subsidiaries set out on pages 20 to 59 which comprise the condensed consolidated statement of financial position as at 31 December 2015 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, Interim financial reporting, issued by the International Accounting Standards Board. Our responsibility is to express a conclusion, based on our review, on this interim financial information. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS FOR QUALIFIED CONCLUSION

Opening balances and corresponding figures

The consolidated financial statements of the Group for the year ended 30 June 2015, which form the basis for the corresponding figures presented in the current period's interim financial information, were not audited by us. The predecessor auditor's audit opinion on the consolidated financial statements of the Group for the year ended 30 June 2015 were qualified because of the possible effect of the limitation on the scope of the audit in relation to the Group's recorded purchases of fertilisers from an enterprise in the People's Republic of China with a reported value of RMB104,317,000 for the year and a corresponding recorded trade payable balance at a carrying amount of RMB24,800,000 as at 30 June 2015. Details of the qualified audit opinion were set out in the independent auditor's report dated 30 September 2015 and included in the Company's annual report for the year ended 30 June 2015.

We were not able to obtain sufficient appropriate audit evidence to enable us to assess the limitation of scope for the year ended 30 June 2015. Any adjustment found to be necessary to the opening balances as at 1 July 2015 may affect the balance of retained profits as at 1 July 2015, the Group's cost of sales, the results and related disclosures in the notes to the interim financial information of the Group for the six months ended 31 December 2015.

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim financial reporting.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 June 2015 were audited by another auditor who expressed a qualified opinion on 30 September 2015.

The comparative interim financial information for the six-month period ended 31 December 2014 were reviewed by that auditor who expressed an unmodified review conclusion on 26 February 2015.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 26 February 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2015

	Note	**Six months ended 31 December 2015 (unaudited) RMB'000**	2014 (unaudited) RMB'000	Year ended 30 June 2015 (audited) RMB'000
Turnover	5	**387,159**	584,397	962,727
Cost of sales		**(827,818)**	(717,317)	(1,381,565)
Gross loss		**(440,659)**	(132,920)	(418,838)
Other income	6	**10,162**	17,601	28,363
Change in fair value of biological assets	16	**(190,000)**	(40,000)	(242,833)
Selling and distribution expenses		**(8,769)**	(19,717)	(37,734)
General and administrative expenses		**(95,539)**	(59,771)	(134,448)
Other operating expenses	7	**(897,086)**	(488)	(418,442)
Loss from operations		**(1,621,891)**	(235,295)	(1,223,932)
Finance costs	8(a)	**(88)**	(33)	(67)
Loss before income tax	8	**(1,621,979)**	(235,328)	(1,223,999)
Income tax expense	9	**–**	–	–
Loss for the period/year		**(1,621,979)**	(235,328)	(1,223,999)
Attributable to				
Equity shareholders of the Company		**(1,616,300)**	(236,413)	(1,222,371)
Non-controlling interests		**(5,679)**	1,085	(1,628)
		(1,621,979)	(235,328)	(1,223,999)
		RMB	RMB	RMB
Loss per share	12			
– Basic		**(1.293)**	(0.189)	(0.978)
– Diluted		**(1.293)**	(0.189)	(0.978)

Details of dividends are disclosed in note 22(b).

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

	Six months ended 31 December 2015 (unaudited) RMB'000	Six months ended 31 December 2014 (unaudited) RMB'000	Year ended 30 June 2015 (audited) RMB'000
Loss for the period/year	**(1,621,979)**	(235,328)	(1,223,999)
Other comprehensive income/(loss) for the period/year			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	**211**	(4)	(7)
Total comprehensive loss for the period/year	**(1,621,768)**	(235,332)	(1,224,006)
Attributable to			
Equity shareholders of the Company	**(1,616,089)**	(236,417)	(1,222,378)
Non-controlling interests	**(5,679)**	1,085	(1,628)
	(1,621,768)	(235,332)	(1,224,006)

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	**1,650,858**	2,294,497	2,253,506
Land use rights	14	**53,321**	75,401	74,625
Construction-in-progress	15	**33,297**	43,610	49,430
Biological assets	16	**1,013,720**	1,527,411	1,332,482
Intangible assets	17	**–**	48,341	51,091
Deposits	18	**18,548**	7,302	11,012
Goodwill		**–**	303,883	–
		2,769,744	4,300,445	3,772,146
Current assets				
Biological assets	16	**155,092**	152,623	264,300
Inventories	19	**78,754**	70,004	106,033
Trade and other receivables	20	**133,235**	186,730	194,607
Cash and cash equivalents	21	**521,448**	1,528,208	937,571
		888,529	1,937,565	1,502,511
Total assets		**3,658,273**	6,238,010	5,274,657
EQUITY AND LIABILITIES				
Equity				
Share capital	22(a)	**12,340**	12,340	12,340
Reserves		**3,400,477**	5,992,119	5,009,497
Total equity attributable to equity shareholders of the Company		**3,412,817**	6,004,459	5,021,837
Non-controlling interests		**107,846**	116,238	113,525
		3,520,663	6,120,697	5,135,362

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
Non-current liabilities				
Obligations under finance leases	23	**530**	657	596
Current liabilities				
Trade and other payables	24	**136,953**	116,538	138,576
Obligations under finance leases	23	**127**	118	123
		137,080	116,656	138,699
Total liabilities		**137,610**	117,313	139,295
Total equity and liabilities		**3,658,273**	6,238,010	5,274,657
Net current assets		**751,449**	1,820,909	1,363,812
Total assets less current liabilities		**3,521,193**	6,121,354	5,135,958

Approved and authorised to issue by the Board of Directors on 26 February 2016.

Ng Ong Nee
Director

Ng Hoi Yue
Director

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

	Note	Attributable to equity shareholders of the Company									
		Share capital RMB'000	Share premium RMB'000 (Note (a))	Merger reserve RMB'000 (Note (b))	Share option reserve RMB'000 (Note (c))	Statutory reserve RMB'000 (Note (d))	Exchange reserve RMB'000 (Note (e))	Retained profits/(loss) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
At 1 July 2015		**12,340**	**3,698,234**	**(4,473)**	**131,381**	**136,625**	**(101)**	**1,047,831**	**5,021,837**	**113,525**	**5,135,362**
Change in equity for the six months ended 31 December 2015:											
Loss for the period		–	–	–	–	–	–	(1,616,300)	(1,616,300)	(5,679)	(1,621,979)
Exchange differences on translation of financial statements of foreign operations, net of nil tax		–	–	–	–	–	211	–	211	–	211
Total comprehensive income/(loss) for the period		–	–	–	–	–	211	(1,616,300)	(1,616,089)	(5,679)	(1,621,768)
Share-based payments	8(b)	–	–	–	7,069	–	–	–	7,069	–	7,069
Share options lapsed		–	–	–	(22,963)	–	–	22,963	–	–	–
		–	–	–	(15,894)	–	211	(1,593,337)	(1,609,020)	(5,679)	(1,614,699)
At 31 December 2015 (unaudited)		**12,340**	**3,698,234**	**(4,473)**	**115,487**	**136,625**	**110**	**(545,506)**	**3,412,817**	**107,846**	**3,520,663**

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2015

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000 (Note (a))	Merger reserve RMB'000 (Note (b))	Share option reserve RMB'000 (Note (c))	Statutory reserve RMB'000 (Note (d))	Exchange reserve RMB'000 (Note (e))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
At 1 July 2014		12,340	3,698,234	(4,473)	127,864	193,827	(94)	2,209,807	6,237,505	115,153	6,352,658
Changes in equity for the six months ended 31 December 2014:											
Loss for the period		–	–	–	–	–	–	(236,413)	(236,413)	1,085	(235,328)
Exchange differences on translation of financial statements of foreign operations, net of nil tax		–	–	–	–	–	(4)	–	(4)	–	(4)
Total comprehensive loss for the period		–	–	–	–	–	(4)	(236,413)	(236,417)	1,085	(235,332)
Transfer from statutory reserve		–	–	–	–	(21,913)	–	21,913	–	–	–
		–	–	–	–	(21,913)	(4)	(214,500)	(236,417)	1,085	(235,332)
Share-based payments	8(b)	–	–	–	3,371	–	–	–	3,371	–	3,371
Share options lapsed		–	–	–	(3,193)	–	–	3,193	–	–	–
		–	–	–	178	(21,913)	(4)	(211,307)	(233,046)	1,085	(231,961)
At 31 December 2014 (unaudited)		12,340	3,698,234	(4,473)	128,042	171,914	(98)	1,998,500	6,004,459	116,238	6,120,697

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

	Note	Attributable to equity shareholders of the Company									
		Share capital RMB'000	Share premium RMB'000 (Note (a))	Merger reserve RMB'000 (Note (b))	Share option reserve RMB'000 (Note (c))	Statutory reserve RMB'000 (Note (d))	Exchange reserve RMB'000 (Note (e))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
At 1 July 2014		12,340	3,698,234	(4,473)	127,864	193,827	(94)	2,209,807	6,237,505	115,153	6,352,658
Changes in equity for the year ended 30 June 2015:											
Loss for the year		–	–	–	–	–	–	(1,222,371)	(1,222,371)	(1,628)	(1,223,999)
Exchange differences on translation of financial statements of foreign operations, net of nil tax		–	–	–	–	–	(7)	–	(7)	–	(7)
Total comprehensive loss for the year		–	–	–	–	–	(7)	(1,222,371)	(1,222,378)	(1,628)	(1,224,006)
Transfer from statutory reserve		–	–	–	–	(57,202)	–	57,202	–	–	–
		–	–	–	–	(57,202)	(7)	(1,165,169)	(1,222,378)	(1,628)	(1,224,006)
Share-based payments	8(b)	–	–	–	6,710	–	–	–	6,710	–	6,710
Share options lapsed		–	–	–	(3,193)	–	–	3,193	–	–	–
		–	–	–	3,517	(57,202)	(7)	(1,161,976)	(1,215,668)	(1,628)	(1,217,296)
At 30 June 2015 (audited)		**12,340**	**3,698,234**	**(4,473)**	**131,381**	**136,625**	**(101)**	**1,047,831**	**5,021,837**	**113,525**	**5,135,362**

The accompanying notes form part of this interim financial information.

Notes:

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

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

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

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

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

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Note	Six months ended 31 December 2015 (unaudited) RMB'000	2014 (unaudited) RMB'000	Year ended 30 June 2015 (audited) RMB'000
Cash flows from operating activities				
Loss before income tax		**(1,621,979)**	(235,328)	(1,223,999)
Adjustment for:				
Interest income	6	**(4,111)**	(17,552)	(28,273)
Gain on disposal of land use rights	6	**(6,029)**	–	–
Write off of biological assets	7	**–**	–	114,071
Impairment of goodwill	7	**–**	–	303,883
Impairment of property, plant and equipment	7	**581,498**	–	–
Impairment of biological assets	7	**270,401**	–	–
Impairment of intangible assets	7	**45,187**	–	–
Finance costs	8(a)	**88**	33	67
Share-based payments	8(b)	**7,069**	3,371	6,710
Amortisation of land use rights	8(c)	**733**	777	1,553
Amortisation of intangible assets	8(c)	**5,904**	5,374	10,824
Depreciation of property, plant and equipment	8(c)	**106,941**	98,955	201,098
Write off of inventories	8(c)	**11,567**	595	9,072
Write off of trade and other receivables	8(c)	**–**	–	2,717
Loss on disposal of property, plant and equipment	8(c)	**4,081**	1,245	1,905
Change in fair value of biological assets	16	**190,000**	40,000	242,833
Operating loss before working capital changes		**(408,650)**	(102,530)	(357,539)
Movements in working capital elements:				
Biological assets		**109,208**	62,348	(80,579)
Inventories		**15,712**	(13,212)	(57,718)
Trade and other receivables		**61,372**	(31,558)	(42,152)
Trade and other payables		**(1,412)**	14,447	36,482
Net cash used in operating activities		**(223,770)**	(70,505)	(501,506)

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Note	Six months ended 31 December 2015 (unaudited) RMB'000	Six months ended 31 December 2014 (unaudited) RMB'000	Year ended 30 June 2015 (audited) RMB'000
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment		**278**	–	14,425
Proceeds from disposal of land use rights		**26,600**	–	–
Purchases of property, plant and equipment		**(18,566)**	(24,078)	(51,396)
Additions to construction-in-progress		**(54,423)**	(31,501)	(86,240)
Additions to intangible assets		**–**	–	(8,200)
Deposits paid for acquisition of property, plant and equipment		**(8,564)**	(7,302)	(11,012)
Net additions to biological assets		**(141,639)**	(160,610)	(251,335)
Interest received		**4,111**	17,552	28,273
Net cash used in investing activities		**(192,203)**	(205,939)	(365,485)
Cash flows from financing activities				
Repayments of obligations under finance leases		**(62)**	(57)	(113)
Finance costs paid		**(88)**	(33)	(67)
Net cash used in financing activities		**(150)**	(90)	(180)
Net decrease in cash and cash equivalents		**(416,123)**	(276,534)	(867,171)
Cash and cash equivalents at beginning of period/year		**937,571**	1,804,742	1,804,742
Cash and cash equivalents at end of period/year	21	**521,448**	1,528,208	937,571

Major non-cash transactions

During the six months ended 31 December 2015, purchases of property, plant and equipment included an amount of RMB1,028,000 (six months ended 31 December 2014: RMB1,443,000, year ended 30 June 2015: RMB1,443,000) transferred from non-current deposits.

The accompanying notes form part of this 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") and AIM of the London Stock Exchange.

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The principal place of business of the Company is located at Suite 2609-11, 26/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

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

Details of subsidiaries as at 31 December 2015 are as follows:

Name	Place of incorporation/ establishment	Percentage of equity interest attributable to the Group	Principal activities
Directly held:			
Access Fortune Investments Limited	British Virgin Islands ("BVI")	100%	Investment holding
ACH Green Trees Holdings Limited	Hong Kong	100%	Not commenced business yet
A-one Success Limited	BVI	100%	Investment holding
Newasia Global Limited	BVI	100%	Investment holding
Raised Energy Investments Limited	BVI	100%	Investment holding
Team Luck Develop Limited	Hong Kong	100%	Not commenced business yet
Indirectly held:			
Asian Citrus Management Company Limited	BVI	100%	Proprietor and licensor of the Group's intellectual property rights
Asian Citrus (H.K.) Company Limited	Hong Kong	100%	General commercial and leasing of properties
Beihai Perfuming Garden Juice Co., Ltd.	PRC	92.94%	Trading of fruit juice concentrates, manufacture and sale of frozen fruit and vegetables

1 GENERAL INFORMATION *(Continued)*

Details of subsidiaries as at 31 December 2015 are as follows: *(continued)*

Name	Place of incorporation/ establishment	Percentage of equity interest attributable to the Group	Principal activities
Indirectly held: *(continued)*			
Beihai Super Fruit Co., Ltd	PRC	92.94%	Trading of condensed fruit juice
BPG Food & Beverage Holdings Ltd.	Cayman Islands	100%	Investment holding
Chance Full (H.K.) Limited	Hong Kong	100%	General commercial
Chance Lead Holdings Limited	Hong Kong	100%	Investment holding
Fame Zone Limited	BVI	100%	Investment holding
Hepu Perfuming Garden Food Co., Ltd.	PRC	92.94%	Manufacture and sale of fruit juice concentrates, fruit purees and others
Litian Biological Sciences & Technology Development (Xinfeng) Company Limited	PRC	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development Yongzhou Limited	PRC	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development (Hepu) Limited	PRC	100%	Planting, cultivation and sale of oranges
Lucky Team Industrial (Ganzhou) Company Limited	PRC	100%	Development of orange processing centre
Lucky Team (Hepu) Agriculture Development Limited	PRC	100%	Development of nursery
Tianyang Perfuming Garden Food Industrial Co., Ltd	PRC	100%	Manufacture and sale of frozen fruit and others
Top Honest Holdings Limited	BVI	100%	Investment holding
Wealth Elite Investments Limited	Hong Kong	100%	Investment holding

All subsidiaries established in the PRC are wholly foreign-owned enterprises.

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 (the "Hong Kong Listing Rules") 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 2015, 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 2016. Details of the applications of new and revised IFRSs are set out in note 3.

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

This interim financial information contains condensed consolidated financial statements and explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

3. APPLICATIONS OF NEW AND REVISED IFRSs

This interim financial information has been prepared in accordance with IAS 34, Interim financial reporting, issued by the IASB, the applicable disclosure provisions of the Hong Kong Listing Rules and the AIM Rules issued by the London Stock Exchange. All IFRSs effective for the accounting period commencing from 1 July 2015, together with the relevant transitional provisions, have been adopted by the Group in the preparation of this interim financial information throughout the periods covered in this report.

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

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

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

4. SEGMENT INFORMATION

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

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

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

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

4. SEGMENT INFORMATION *(Continued)*

Segment results, assets and liabilities

Six months ended 31 December 2015:

	Agricultural produce (unaudited) RMB'000	Processed fruit (unaudited) RMB'000	Total (unaudited) RMB'000
Results			
Reportable segment revenue and revenue from external customers	55,999	331,160	387,159
Reportable segment results#	(1,522,450)	(87,186)	(1,609,636)
Unallocated corporate expenses			(19,001)
Unallocated corporate other income			6,658
Loss before income tax			(1,621,979)
Income tax expense			–
Loss for the period			(1,621,979)
Assets			
Segment assets	2,302,764	1,252,645	3,555,409
Unallocated corporate assets			102,864
Total assets			3,658,273
Liabilities			
Segment liabilities	(118,111)	(15,543)	(133,654)
Unallocated corporate liabilities			(3,956)
Total liabilities			(137,610)
Other information			
Additions to segment non-current assets	50,574	22,830	73,404

Included in reportable segment results of agricultural produce, there were impairment losses of RMB581,498,000, RMB270,401,000 and RMB10,780,000 in respect of property, plant and equipment (note 13), biological assets (note 16) and intangible assets (note 17) respectively.

Included in reportable segment results of processed fruit, there was an impairment loss of RMB34,407,000 in respect of intangible assets (note 17).

4. SEGMENT INFORMATION *(Continued)*

Segment results, assets and liabilities (Continued)

Six months ended 31 December 2014:

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

4. SEGMENT INFORMATION *(Continued)*

Segment results, assets and liabilities *(Continued)*

Year ended 30 June 2015:

	Agricultural produce (audited) RMB'000	Processed fruit (audited) RMB'000	Total (audited) RMB'000
Results			
Reportable segment revenue and revenue from external customers	410,105	552,622	962,727
Reportable segment results	(844,519)	(47,853)	(892,372)
Unallocated corporate expenses			(333,846)
Unallocated corporate other income			2,219
Loss before income tax			(1,223,999)
Income tax expense			–
Loss for the year			1,223,999
Assets			
Segment assets	3,485,363	1,653,675	5,139,038
Unallocated corporate assets			135,619
Total assets			5,274,657
Liabilities			
Segment liabilities	(111,349)	(23,453)	(134,802)
Unallocated corporate liabilities			(4,493)
Total liabilities			(139,295)
Other information			
Additions to segment non-current assets	66,615	91,658	158,273

5. TURNOVER

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

	Six months ended 31 December 2015 (unaudited) RMB'000	Six months ended 31 December 2014 (unaudited) RMB'000	Year ended 30 June 2015 (audited) RMB'000
Sales of oranges	**36,779**	340,999	408,934
Sales of bananas	**18,656**	–	–
Sales of self-bred saplings	**564**	–	1,171
Sales of processed fruit	**331,160**	243,398	552,622
	387,159	584,397	962,727

6. OTHER INCOME

	Six months ended 31 December 2015 (unaudited) RMB'000	Six months ended 31 December 2014 (unaudited) RMB'000	Year ended 30 June 2015 (audited) RMB'000
Interest income	**4,111**	17,552	28,273
Gain on disposal of land use rights	**6,029**	–	–
Government grants	**–**	30	30
Sundry income	**22**	19	60
	10,162	17,601	28,363

7. OTHER OPERATING EXPENSES

	Six months ended 31 December		Year ended 30 June
	2015	2014	2015
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Write off of biological assets	**–**	–	114,071
Write off inventories#	**–**	488	488
Impairment of property, plant and equipment## *(note 13)*	**581,498**	–	–
Impairment of biological assets## *(note 16)*	**270,401**	–	–
Impairment of intangible assets### *(note 17)*	**45,187**	–	–
Impairment of goodwill	**–**	–	303,883
	897,086	488	418,442

\# These expenses were resulted from the widespread damage caused by Typhoon Rammasun in July 2014.

\## These expenses were related to the closure of Xinfeng Plantation in December 2015. The Group engaged two independent research centres, Citrus Research Institute, the national scientific research centre for citrus fruits and directly subordinated to the Chinese Academy of Agricultural Sciences, the Ministry of Agriculture of the PRC and Guangxi Academy of Specialty Crops, the scientific research centre subordinated to the Department of Agriculture of Guangxi Zhuang Autonomous Region, the PRC, to conduct comprehensive investigations into the extent of the infection of Huanglongbing disease at Xinfeng Plantation (the "Investigations"). According to the reports from the Investigations, Xinfeng Plantation is no longer economically productive due to the massive infection of Huanglongbing disease and so the board of directors resolved to shut down Xinfeng Plantation with operations ceasing permanently. As a result, impairment losses and provisions were recognised for the six months ended 31 December 2015.

\### These expenses were incurred as the directors of the Company have determined that the aggregate carrying amount of capitalised development costs is in excess of their recoverable amount based on a value in use calculation. Therefore, an impairment loss of RMB45,187,000 is recognised for the six months ended 31 December 2015 so as to reflect the reduced recoverable amount of the intangible assets as assessed by management based on the current business and operating environment. More details are set out in note 17.

8. LOSS BEFORE INCOME TAX

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

	Note	Six months ended 31 December 2015 (unaudited) RMB'000	Six months ended 31 December 2014 (unaudited) RMB'000	Year ended 30 June 2015 (audited) RMB'000
(a) Finance costs				
Bank charges		**59**	–	–
Finance charges on obligations under finance leases		**29**	33	67
		88	33	67
(b) Staff costs (including directors' emoluments)				
– salaries, wages and other benefits		**63,424**	80,402	144,810
– share-based payments		**7,069**	3,371	6,710
– contributions to defined contribution retirement plans		**2,141**	1,848	3,960
		72,634	85,621	155,480
(c) Other items				
Amortisation of land use rights	14	**733**	777	1,553
Amortisation of intangible assets	17	**5,904**	5,374	10,824
Auditor's remuneration		**954**	1,113	2,199
Cost of agricultural produce sold#		**501,990**	504,347	842,570
Cost of inventories of processed fruit recognised as expenses##		**325,828**	212,970	538,995
Depreciation of property, plant and equipment	13	**106,941**	98,955	201,098
Add: Realisation of depreciation previously capitalised as biological assets		**31,973**	26,745	26,979
Less: Amount capitalised as biological assets		**(35,339)**	(31,575)	(58,386)
		103,575	94,125	169,691
Exchange (gains) or losses, net		**(2,977)**	(1,202)	2,744
Operating lease expenses				
– plantation bases		**4,934**	5,420	9,335
– properties		**979**	540	1,197
Research and development costs		**16,628**	2,441	8,592
Write off of inventories###		**11,567**	595	9,072
Write off of trade and other receivables		**–**	–	2,717
Loss on disposal of property, plant and equipment		**4,081**	1,245	1,905
Gain on disposal of land use rights		**(6,029)**	–	–

8. LOSS BEFORE INCOME TAX *(Continued)*

Cost of agricultural produce sold includes RMB92,138,000 (six months ended 31 December 2014: RMB108,490,000, year ended 30 June 2015: RMB170,062,000) relating to staff costs, depreciation and operating lease expenses, which were also included in the respective total amount disclosed separately above for each of these types of expenses.

Cost of inventories of processed fruit recognised as expenses includes RMB55,823,000 (six months ended 31 December 2014: RMB45,147,000, year ended 30 June 2015: RMB100,572,000) relating to staff costs, amortisation of land use rights, amortisation of intangible assets and depreciation, which were also included in the respective total amount disclosed separately above for each of these types of expenses.

The write off of inventories for the period comprises RMB11,567,000 (six months ended 31 December 2014: RMB107,000, year ended 30 June 2015: RMB8,584,000) included in general and administrative expenses and RMBNil (six months ended 31 December 2014: RMB488,000, year ended 30 June 2015: RMB488,000) included in other operating expenses in the condensed consolidated statement of profit or loss.

9. INCOME TAX EXPENSE

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

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

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

(iii) No PRC enterprise income tax has been provided for as the Group did not have assessable profit in the PRC during the period. 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 businesses are eligible for certain tax benefits, including full enterprise income tax exemption on profits derived from such businesses. Certain operating subsidiaries of the Group in the PRC engaged in qualifying agricultural business are entitled to full exemption of enterprise income tax.

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

9. INCOME TAX EXPENSE *(Continued)*

(a) On the basis stated below, no income tax has been provided for by the Group: *(Continued)*

(iv) PRC withholding income tax

Under the PRC tax law, profits of the Group's subsidiaries in the PRC derived since 1 January 2008 is subject to withholding income tax 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 2015, 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.

(b) Reconciliation between income tax expense and loss before income tax in the condensed consolidated statement of profit or loss at applicable rates:

	Six months ended 31 December		Year ended 30 June
	2015	2014	2015
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Loss before income tax	**(1,621,979)**	(235,328)	(1,223,999)
Notional tax at the rates applicable to losses in the jurisdictions concerned	**(403,997)**	(55,951)	(224,260)
Tax effect of non-deductible expenses	**405,248**	59,581	223,379
Tax effect of tax exemptions	**(1,507)**	(3,871)	(301)
Tax effect of temporary differences not recognised for deferred tax purpose	**256**	231	1,154
Others	**–**	10	28
Actual tax expense	**–**	–	–

10. DIRECTORS' REMUNERATION

	Directors' fees (unaudited) RMB'000	Salaries, allowances and benefits in kind (unaudited) RMB'000	Share-based payments (unaudited) RMB'000	Retirement scheme contribution (unaudited) RMB'000	**Six months ended 31 December 2015 (unaudited) RMB'000**	Six months ended 31 December 2014 (unaudited) RMB'000	Year ended 30 June 2015 (audited) RMB'000
Directors' emoluments							
Executive Directors							
Ng Ong Nee	–	648	331	–	**979**	648	1,461
Ng Hoi Yue *(Note i)*	20	485	–	7	**512**	108	216
Tong Hung Wai, Tommy *(Note ii)*	–	337	121	7	**465**	467	1,048
Cheung Wai Sun *(Note iii)*	–	238	121	6	**365**	332	755
Pang Yi *(Note iii)*	–	1,118	2	–	**1,120**	551	1,190
Ng Cheuk Lun *(Note iv)*	–	726	121	7	**854**	102	714
Non-executive Directors							
Chung Koon Yan	108	–	–	–	**108**	108	216
Lui Ming Wah	108	–	–	–	**108**	108	216
Yang Zhen Han	108	–	–	–	**108**	108	216
Ho Wai Leung *(Note ii)*	79	–	–	–	**79**	108	216
	423	3,552	696	27	**4,698**	2,640	6,248

There were no arrangements under which a director waived or agreed to waive any remuneration during the period (six months ended 31 December 2014: RMBNil, year ended 30 June 2015: RMBNil).

Notes:

(i) Re-designated to Executive Director on 4 August 2015.
(ii) Resigned on 12 November 2015.
(iii) Retired on 12 November 2015.
(iv) Appointed as Executive Director on 24 November 2014 and retired on 12 November 2015.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the period/year included four (six months ended 31 December 2014: three, year ended 30 June 2015: four) directors, details of whose emoluments are set out in note 10 above. The emoluments in respect of the remaining highest paid individual are as follows:

	Six months ended 31 December		Year ended 30 June
	2015 (unaudited) RMB'000	2014 (unaudited) RMB'000	2015 (audited) RMB'000
Salaries, wages and other benefits	581	834	972
Share-based payments	53	–	14
Retirement scheme contribution	8	14	16
Compensation for loss of office – contractual payments	224	–	–
	866	848	1,002

No emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group (six months ended 31 December 2014: RMBNil, year ended 30 June 2015: RMBNil).

12. LOSS PER SHARE

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

	Six months ended 31 December		Year ended 30 June
	2015 (unaudited) RMB'000	2014 (unaudited) RMB'000	2015 (audited) RMB'000
Loss			
Loss attributable to equity shareholders of the Company used in basic and diluted loss per share calculation	(1,616,300)	(236,413)	(1,222,371)
Weighted average number of shares	'000	'000	'000
Weighted average number of ordinary shares used in basic and diluted loss per share calculation	1,249,638	1,249,638	1,249,638

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

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Farmland infrastructure and machinery RMB'000	Total RMB'000
Cost							
At 1 July 2014	431,961	3,668	435,458	13,803	12,050	2,178,263	3,075,203
Additions	5,294	–	32,524	311	60	14,650	52,839
Transfer from construction-in progress	4,932	–	30,609	–	–	77,308	112,849
Disposals	(979)	–	(34,504)	(42)	(97)	(11,085)	(46,707)
At 30 June 2015 (audited)	441,208	3,668	464,087	14,072	12,013	2,259,136	3,194,184
Additions	6,447	–	12,246	901	–	–	19,594
Transfer from construction-in progress *(note 15)*	4,037	–	3,469	–	–	63,050	70,556
Disposals	(4,658)	–	(4,400)	(1,362)	(4)	–	(10,424)
At 31 December 2015 (unaudited)	447,034	3,668	475,402	13,611	12,009	2,322,186	3,273,910
Accumulated depreciation and impairment							
At 1 July 2014	55,934	1,226	80,341	8,501	6,956	616,999	769,957
Charge for the year	23,471	125	50,628	1,506	1,394	123,974	201,098
Written back on disposals	(343)	–	(18,842)	(41)	(92)	(11,059)	(30,377)
At 30 June 2015 (audited)	79,062	1,351	112,127	9,966	8,258	729,914	940,678
Charge for the period	11,462	63	27,128	1,107	387	66,794	106,941
Impairment loss recognised for the period	1,182	17	–	9	–	580,290	581,498
Written back on disposals	(1,760)	–	(3,136)	(1,165)	(4)	–	(6,065)
At 31 December 2015 (unaudited)	89,946	1,431	136,119	9,917	8,641	1,376,998	1,623,052
Carrying amount							
At 31 December 2015 (unaudited)	**357,088**	**2,237**	**339,283**	**3,694**	**3,368**	**945,188**	**1,650,858**
At 31 December 2014 (unaudited)	366,837	2,379	344,536	4,664	4,338	1,571,743	2,294,497
At 30 June 2015 (audited)	362,146	2,317	351,960	4,106	3,755	1,529,222	2,253,506

At 31 December 2015, the carrying amount of farmland infrastructure and machinery held under finance lease was RMB665,000 (31 December 2014: RMB775,000, 30 June 2015: RMB715,000).

Xinfeng Plantation was suffered from massive infection of Huanglongbing disease as identified in the reports from the Investigations mentioned in note 7 and it was shut down with operations ceasing permanently. As a result, property, plant and equipment of RMB581,498,000 at Xinfeng Plantation has been impaired for the six months ended 31 December 2015.

14. LAND USE RIGHTS

	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
Cost			
At beginning of period/year	**87,870**	87,870	87,870
Disposal	**(26,600)**	–	–
At end of period/year	**61,270**	87,870	87,870
Accumulated amortisation			
At beginning of period/year	**13,245**	11,692	11,692
Charge for the period/year	**733**	777	1,553
Written back on disposal for the period/year	**(6,029)**	–	–
At end of period/year	**7,949**	12,469	13,245
Carrying amount at end of period/year	**53,321**	75,401	74,625

Land use rights, representing the rights to use certain pieces of land located in the PRC, are valid for a period of 50 years from respective dates of grant and will be expiring in the years 2053 to 2062.

15. CONSTRUCTION-IN-PROGRESS

	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
At beginning of period/year	**49,430**	76,039	76,039
Additions	**54,423**	31,501	86,240
Transfer to property, plant and equipment *(note 13)*	**(70,556)**	(63,930)	(112,849)
At end of period/year	**33,297**	43,610	49,430

16. BIOLOGICAL ASSETS

Biological assets are analysed as follows:

	Citrus			Others	
	Self-bred saplings RMB'000	Infant trees RMB'000	Citrus trees RMB'000	Banana trees RMB'000	Total RMB'000
At 1 July 2014	2,832	323,969	1,294,971	–	1,621,772
Net additions	5,474	–	–	192	5,666
Sales of citrus self-bred saplings	(1,472)	–	–	–	(1,472)
Intra transfer to citrus infant trees	(390)	390	–	–	–
Intra transfer to citrus trees	–	(25,654)	25,654	–	–
Net increase due to cultivation	–	247,333	69,620	10,767	327,720
Write off of citrus trees	–	–	(114,071)	–	(114,071)
Change in fair value due to price, yield, maturity and cost changes	–	–	(242,833)	–	(242,833)
At 30 June 2015 (audited)	6,444	546,038	1,033,341	10,959	1,596,782
Net additions	2,601	–	–	193	2,794
Sales of citrus self-bred saplings	(686)	–	–	–	(686)
Impairment	–	(401)	(270,000)	–	(270,401)
Net increase/(decrease) due to cultivation/(harvest)	–	139,724	(101,473)	(7,928)	30,323
Change in fair value due to price, yield, maturity and cost changes	–	–	(190,000)	–	(190,000)
At 31 December 2015 (unaudited)	**8,359**	**685,361**	**471,868**	**3,224**	**1,168,812**
At 31 December 2014 (unaudited)	4,498	482,913	1,188,398	4,225	1,680,034
At 30 June 2015 (audited)	6,444	546,038	1,033,341	10,959	1,596,782

16. BIOLOGICAL ASSETS *(Continued)*

Represented by:

	Citrus			Others			
	Self-bred saplings (unaudited) RMB'000	Infant trees (unaudited) RMB'000	Citrus trees (unaudited) RMB'000	Banana trees (unaudited) RMB'000	31 December 2015 Total (unaudited) RMB'000	31 December 2014 Total (unaudited) RMB'000	30 June 2015 Total (audited) RMB'000
Non-current	8,359	685,361	320,000	–	**1,013,720**	1,527,411	1,332,482
Current	–	–	151,868	3,224	**155,092**	152,623	264,300
	8,359	685,361	471,868	3,224	**1,168,812**	1,680,034	1,596,782

The movements in biological assets are summarised as follows:

	Citrus			Others
	Self-bred saplings Number	Infant trees Number	Citrus trees Number	Banana trees Number
At 1 July 2014	265,602	1,903,268	2,714,038	–
Net additions	121,190	–	–	221,769
Sales of citrus self-bred saplings	(97,590)	–	–	–
Intra transfer to citrus infant trees	(29,523)	29,523	–	–
Intra transfer to citrus trees	–	(63,584)	63,584	–
Write off of citrus trees#	–	–	(317,839)	–
At 30 June 2015 (audited)	259,679	1,869,207	2,459,783	221,769
Impairment##	–	(2,563)	(1,282,161)	–
Sales of citrus self-bred saplings	(50,484)	–	–	–
At 31 December 2015 (unaudited)	**209,195**	**1,866,644**	**1,177,622**	**221,769**

The Group has identified the presence of Huanglongbing disease at Xinfeng Plantation since April 2015. 317,839 winter orange trees with carrying amount of RMB114,071,000 suffering from Huanglongbing disease were removed during the year ended 30 June 2015 so to prevent the spread of Huanglongbing disease and protect the unaffected orange trees.

Xinfeng Plantation was suffered from massive infection of Huanglongbing disease as identified in the reports from the Investigations mentioned in note 7 and it was shut down with operations ceasing permanently. As a result, 2,563 infant trees and 1,282,161 citrus trees were impaired by RMB401,000 and RMB270,000,000 respectively for the six months ended 31 December 2015.

16. BIOLOGICAL ASSETS *(Continued)*

Self-bred saplings and infant trees are undergoing biological transformation leading to them being able to produce oranges and grapefruits. Once the self-bred saplings and infant trees become mature and productive, they will be transferred to the category of citrus trees. The role of citrus trees is to supply oranges and grapefruits through the processes of growth in each production cycle. As at 31 December 2014, 30 June 2015 and 31 December 2015, citrus trees comprised orange trees only.

The role of banana trees is to supply bananas through the processes of growth in their production cycle. As at 31 December 2015 and 2014, banana trees are stated at cost as little biological transformation has taken place since initial cost incurrence as banana trees were naturally re-seeded from the original banana trees towards the end of the reporting period.

The Group has engaged an independent valuer to determine the fair value of orange trees as at 31 December 2015. The valuation methodology used to determine the fair value of orange trees is in compliance with both IAS 41, Agriculture, and the International Valuation Standards issued by the International Valuation Standards Council which aims to determine the fair value of a biological asset in its present location and condition.

The fair value of orange trees less costs to sell is calculated by deducting the estimated costs directly attributable to the disposal of the orange trees from the fair value of the orange trees. The fair value has been determined by calculating expected future cash flows from the assets, discounted at a rate that reflects management's best estimation of the expected risk level, and deducting therefrom the value of plantation-related machinery and equipment and land improvements. In estimating the future cash flows and discount rate, the following key assumptions were applied:

(a) The market price variables, which represent the assumed market price for summer oranges and winter oranges produced by the Group. The valuation adopted the historical market sales prices for each type of orange produced by the Group as the basis of sales price estimation. The market prices are assumed to have increased by 3% per annum, which is similar to the projected long-term inflation rate.

(b) The yield per tree variables represents the harvest level of the orange trees. The yield of orange trees is affected by the age, species and health of the orange trees, as well as the climate, location, soil condition, topography and infrastructure. In general, yield per tree increases from age 3 to 15, remains stable for about 10 years, and then starts to decline from age 25 to 35.

(c) The direct production cost variables, which represent the direct costs necessary to bring the oranges to their sale form. These mainly include raw material costs and direct labour costs. The direct production cost variables are determined by reference to actual costs incurred for areas that have been previously harvested, and have taken into account the projected long-term inflation rate of 3% per annum.

16. BIOLOGICAL ASSETS *(Continued)*

(d) The Capital Asset Pricing Model has been used to determine a discount rate of 18% (six months ended 31 December 2014: 18%, year ended 30 June 2015: 18%) to be applied to the orange trees operations.

(e) Other key assumptions which have taken into account in valuing the Group's biological assets include, among other things,

(i) cash flows are calculated from the current rotation of orange trees only, without taking into account the projected revenue or costs related to the re-establishment of new orange trees;

(ii) projected cash flows have taken into account the projected long-term inflation rate of 3% per annum and excluded financial costs and taxation;

(iii) as discounted cash flows are based on current orange prices, planned future business activities that may impact the future prices of oranges harvested from the Group's plantations are not considered; and

(iv) no allowance is made for cost improvements in future operations.

The fair value measurement of the orange trees is categorised as level 3 fair value measurement within the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. Significant unobservable inputs are mainly the expected future cash flow and the discount rate. The higher the future cash flows or the lower the discount rate, the higher the fair value determined.

During the six months ended 31 December 2015, six months ended 31 December 2014 and year ended 30 June 2015, there was no transfer occurred between levels in the hierarchy.

The land currently occupied by the Group is leased from independent third parties, and has no commercial value. With reference to the value of machinery and equipment and other assets (represented by improvements in structures and buildings, wind breakers, etc.), the total values of the assets as at 31 December 2015 for Hepu Plantation and Xinfeng Plantation are approximately RMB376 million (31 December 2014: RMB399 million, 30 June 2015: RMB368 million) and RMBNil (31 December 2014: RMB612 million, 30 June 2015: RMB593 million), respectively.

16. BIOLOGICAL ASSETS *(Continued)*

The quantity and value of agricultural produce harvested during the period/year were as follows:

	Six months ended 31 December				Year ended 30 June	
	2015		2014		2015	
	Quantity	**Value (unaudited)**	Quantity	Value (unaudited)	Quantity	Value (audited)
	Tonnes	**RMB'000**	Tonnes	RMB'000	Tonnes	RMB'000
Oranges	**15,565**	**36,779**	110,993	340,999	130,125	408,934
Bananas	**5,931**	**18,656**	–	–	–	–
	21,496	**55,435**	110,993	340,999	130,125	408,934

The Group is exposed to a number of risks relating to its plantations:

(1) Regulatory and environmental risks

The Group is subject to laws and regulations in the jurisdiction in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

(2) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of oranges and bananas. Where possible the Group manages these risks by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

(3) Climate and other risks

The Group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed to minimise those risks, including regular forest health inspections and industry pest and disease surveys.

17. INTANGIBLE ASSETS

	Capitalised development costs RMB'000	Trademark RMB'000	Total RMB'000
Cost			
At 1 July 2014	107,726	3	107,729
Additions	8,200	–	8,200
At 30 June 2015 (audited) and 31 December 2015 (unaudited)	115,926	3	115,929
Accumulated amortisation and impairment			
At 1 July 2014	54,012	2	54,014
Charge for the year	10,823	1	10,824
At 30 June 2015 (audited)	64,835	3	64,838
Charge for the period	5,904	–	5,904
Impairment loss recognised for the period	45,187	–	45,187
At 31 December 2015 (unaudited)	115,926	3	115,929
Carrying amount			
At 31 December 2015 (unaudited)	**–**	**–**	**–**
At 31 December 2014 (unaudited)	48,340	1	48,341
At 30 June 2015 (audited)	51,091	–	51,091

The amortisation charge for the period of RMB3,507,000 (six months ended 31 December 2014: RMB2,694,000, year ended 30 June 2015: RMB5,464,000) and RMB2,397,000 (six months ended 31 December 2014: RMB2,680,000, year ended 30 June 2015: RMB5,360,000) is included in cost of sales and general and administrative expenses, respectively, in the condensed consolidated statement of profit or loss.

17. INTANGIBLE ASSETS *(Continued)*

Capitalised development costs represent expenditure incurred in developing techniques relating to the cultivation of citrus trees and processing of fruit, which will increase the productivity of the relevant operations in the future periods.

The directors of the Company have determined that there is impairment on intangible assets as the aggregate carrying amounts of capitalised development costs is in excess of their recoverable amount based on a value in use calculation.

During the six months ended 31 December 2015, the Group recognised an impairment loss of RMB10,780,000 and RMB34,407,000 in the agricultural produce segment and the processed fruit segment respectively (six months ended 31 December 2014: RMBNil, year ended 30 June 2015: RMBNil) so as to reflect the reduced recoverable amount of the intangible assets as assessed by management based on the current business and operating environment.

For the six months ended 31 December 2015, the recoverable amount of the intangible assets in the agricultural produce segment has been determined based on a value in use calculation which uses cash flow projections from financial budgets approved by management covering a 5-year period, and a discount rate of 18%. Other key assumptions for the value in use calculations relate to the estimation of cash flows which include budgeted sales and gross margin, and such estimations are based on the past performance of the agricultural produce segment and management's expectations based on market developments.

For the six months ended 31 December 2015, the recoverable amount of the intangible assets in the processed fruit segment has been determined based on a value in use calculation which uses cash flow projections from financial budgets approved by management covering a 5-year period, and a discount rate of 12%. Other key assumptions for the value in use calculations relate to the estimation of cash flows which include budgeted sales and gross margin, and such estimations are based on the past performance of the processed fruit segment and management's expectations based on market developments.

18. DEPOSITS

	31 December		30 June
	2015	2014	2015
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Deposits paid for acquisition of property, plant and equipment	**18,548**	7,302	11,012

19. INVENTORIES

	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
Raw materials	**8,600**	8,878	9,892
Work in progress	**9,304**	5,859	15,804
Finished goods	**60,850**	55,267	80,337
	78,754	70,004	106,033

20. TRADE AND OTHER RECEIVABLES

	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
Trade receivables	**56,654**	102,269	112,986
Other receivables, deposits and prepayments	**76,581**	84,461	81,621
	133,235	186,730	194,607

The amount of the Group's other receivables, deposits and prepayments expected to be recovered or recognised as expenses in normal operating cycle after one year is RMB72,000 (31 December 2014: RMB4,694,000, 30 June 2015: RMB1,469,000). The remaining balances of trade and other receivables are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade receivables based on invoice date is as follows:

	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
Less than 1 month	**24,836**	68,243	59,183
1 to 3 months	**30,994**	33,970	51,464
3 to 6 months	**824**	7	2,339
Over 1 year	**–**	49	–
	56,654	102,269	112,986

20. TRADE AND OTHER RECEIVABLES *(Continued)*

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

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

	31 December		30 June
	2015	2014	2015
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	**54,077**	73,067	110,615
Less than 1 month past due	**2,388**	22,414	1,382
1 to 3 months past due	**189**	6,762	989
Over 1 year past due	**–**	26	–
Amounts past due but not impaired	**2,577**	29,202	2,371
	56,654	102,269	112,986

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

Trade 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.

21. CASH AND CASH EQUIVALENTS

	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
Bank fixed deposits	**41,532**	974,784	367,211
Cash at banks and on hand	**479,916**	553,424	570,360
Cash and cash equivalents in the condensed consolidated statement of cash flows	**521,448**	1,528,208	937,571

Included in the cash and cash equivalents of the Group at 31 December 2015 is an amount of approximately RMB466,646,000 (31 December 2014: RMB1,445,792,000, 30 June 2015: RMB864,883,000) denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank deposits are made for terms ranging from one month to three months (31 December 2014: ranging from one month to three months, 30 June 2015: ranging from one month to three months) depending on the immediate cash requirements of the Group.

22. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Number of shares	HKD'000	RMB'000
Authorised:			
Ordinary shares of HKD0.01 each At 31 December 2014, 30 June 2015 and 31 December 2015	2,000,000,000	20,000	20,900
Issued and fully paid:			
At 31 December 2014 (unaudited) 30 June 2015 (audited) and 31 December 2015 (unaudited)	1,249,637,884	12,496	12,340

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

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

(b) Dividends

The directors do not declare the payment of any interim dividend in respect of the six-month period ended 31 December 2015 and 2014.

(c) Capital management

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

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

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

23. OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2015, the Group had obligations under finance leases repayable as follows:

	31 December 2015 (unaudited)		31 December 2014 (unaudited)		30 June 2015 (audited)	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	127	180	118	180	123	180
After 1 year but within 2 years	138	180	127	180	132	180
After 2 years but within 5 years	392	450	447	540	464	540
After 5 years	–	–	83	90	–	–
	530	630	657	810	596	720
	657	810	775	990	719	900
Less: Total future interest expenses		(153)		(215)		(181)
Present value of lease obligations		657		775		719

24. TRADE AND OTHER PAYABLES

	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
Trade payables	**105,234**	69,337	105,635
Other payables and accruals	**31,719**	47,201	32,941
	136,953	116,538	138,576

The amount of the Group's other payables and accruals expected to be settled after one year is RMBNil (31 December 2014: RMB750,000, 30 June 2015: RMBNil). The remaining balances of trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

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

	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
Less than 3 months	**96,935**	68,410	102,966
3 to 6 months	**1,283**	260	129
6 to 12 months	**6,432**	658	2,009
Over 1 year	**584**	9	531
	105,234	69,337	105,635

25. COMMITMENTS

(a) Operating lease commitments

At 31 December 2015, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	31 December 2015 (unaudited) RMB'000	31 December 2014 (unaudited) RMB'000	30 June 2015 (audited) RMB'000
Within 1 year	**9,540**	7,042	7,174
After 1 year but within 5 years	**40,198**	31,714	36,079
After 5 years	**317,455**	325,394	320,701
	367,193	364,150	363,954

25. COMMITMENTS *(Continued)*

(a) Operating lease commitments (Continued)

Operating lease payments represent rental payable by the Group for certain properties, premises and land on which the plantations are situated. The leases of properties typically run for an initial period of one to ten years, with options to renew the leases and renegotiate the terms at expiry dates or at dates mutually agreed with the respective lessors. The leases for the plantation bases are negotiated for a term of 50 years expiring from 2050 to 2060. None of the leases include contingent rentals.

(b) Capital commitments

At 31 December 2015, the Group had the following capital commitments:

	31 December		30 June
	2015	2014	2015
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Contracted for but not provided for:			
Construction-in-progress, property, plant and equipment	**10,948**	13,172	43,467

26. RELATED PARTY TRANSACTIONS

(a) In addition to those disclosed elsewhere in the interim financial information, the Group had the following significant related party transactions during the period/year:

	Six months ended 31 December		Year ended 30 June
	2015	2014	2015
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Operating lease expenses paid to:			
Alpha Best Limited	**178**	178	356
Pan Air and Sea Forwarders (HK) Limited	**238**	238	475
	416	416	831
Consultancy fee paid to:			
Mr. Tong Wang Chow	**585**	878	1,755
Asia Link International (HK) Limited	**103**	–	–
	688	878	1,755
Salaries paid to:			
Ms. Tong Mei Ling#	**135**	135	293

26. RELATED PARTY TRANSACTIONS *(Continued)*

(a) In addition to those disclosed elsewhere in the interim financial information, the Group had the following significant related party transactions during the period/year: *(Continued)*

Mr. Tong Wang Chow resigned as an executive director of the Company on 3 March 2014, he is still considered as a related party of the Group as he is a shareholder of the Company.

Alpha Best Limited and Pan Air and Sea Forwarders (HK) Limited are related to the Group by virtue of Mr. Tong Wang Chow's interest in these two companies.

Mr. Tong Hung Wai, Tommy is a director of Asia Link International (H.K.) Limited. He resigned as an executive director of the Company on 12 November 2015.

Mr. Tong Wang Chow is the father of Mr. Tong Hung Wai, Tommy and Ms. Tong Mei Ling.

In respect of the benefits of share-based payments, Ms. Tong Mei Ling was entitled to an amount of RMB62,000 for the six months ended 31 December 2015 (six months ended 31 December 2014: RMBNil, year ended 30 June 2015: RMB14,000).

In respect of the benefits of retirement scheme contribution, Ms. Tong Mei Ling was entitled to an amount of RMB6,750 for the six months ended 31 December 2015 (six months ended 31 December 2014: RMB6,750, year ended 30 June 2015: RMB13,725).

(b) Compensation of key management personnel

	Six months ended 31 December		Year ended 30 June
	2015	2014	2015
	(unaudited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	**5,470**	3,830	8,163
Share-based payments	**1,440**	264	732
Post-employment benefits	**64**	52	100
	6,974	4,146	8,995

Total remuneration is included in staff costs (see note 8(b)).

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

As at 31 December 2015, the interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were notified to the Company and the HKEx, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), are set out below:

		Number of ordinary shares held					
Name of Directors/ Chief Executive	Class of shares	Personal interests	Family interests	Corporate interests	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital
Mr. Ng Ong Nee	Ordinary shares/ Share options	–	–	179,252,394 *(Note 1)*	1,600,000 *(Note 2)*	180,852,394	14.47%
Dr. Lui Ming Wah, SBS JP	Share options	–	–	–	500,000 *(Note 3)*	500,000	0.04%
Mr. Yang Zhen Han	Share options	–	–	–	500,000 *(Note 4)*	500,000	0.04%

Notes:

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

(2) 1,600,000 shares would be allotted and issued to Mr. Ng Ong Nee, upon his exercise in full of the share options granted to him under a post listing share option scheme adopted by the Company on 2 November 2009 and becoming effective upon the commencement of dealings of the shares on the HKEx on 26 November 2009 (the "Post Listing Share Option Scheme"). These share options, all of which remained exercisable as at 31 December 2015, were exercisable at the subscription price of HK$1.47 per share during the period from 21 May 2016 to 20 May 2019.

(3) 500,000 shares would be allotted and issued to Dr. Lui Ming Wah, SBS JP, an Independent Non-executive Director ("INED"), upon his exercise in full of the share options granted to him, under the Post Share Option Scheme. These share options, all of which remained exercisable as at 31 December 2015, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(4) 500,000 shares would be allotted and issued to Mr. Yang Zhen Han, an INED, upon his exercise in full of the share options granted to him under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 31 December 2015, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

Save as disclosed above, none of the Directors, the Chief Executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of SFO) as at 31 December 2015 as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the HKEx pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, so far as is known to the Directors, the persons or companies (other than the Directors and the Chief Executive of the Company) who/which had an interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Division 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Number of shares held	Approximate percentage of interest in the issued share capital of the Company
Changjiang Tyling *(Note 1)*	179,252,394	14.34%
Mr. Ng Ong Nee *(Note 1)*	180,852,394	14.47%

Notes:

(1) Changjiang Tyling is 50% owned by Mr. Ng Ong Nee and 50% owned by a third party independent to the Company and its connected persons. Mr. Ng Ong Nee (who is also a director of Changjiang Tyling) is deemed to be interested in 179,252,394 shares held by Changjiang Tyling by virtue of the SFO. In addition, Mr. Ng Ong Nee has personal interest in 1,600,000 shares.

(2) The Company had issued share capital of 1,249,637,884 shares on 31 December 2015.

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

SHARE OPTION SCHEME AND POST LISTING SHARE OPTION SCHEME

Share Option Scheme

The Company adopted the Share Option Scheme on 29 June 2005 which enables the Company to grant options to such employees, including directors, who are required to devote substantially the whole of their working time to the Company or any of its participating subsidiaries as the relevant committee of the Board shall direct. No purpose of the Share Option Scheme has been specified therein.

In general, no option may be granted under the Share Option Scheme if, as a result, the aggregate number of the shares in the capital of the Company issued and issuable pursuant to options granted under the Share Option Scheme, or under any other employee's share plan adopted by the Company in general meeting would in any period of 10 years exceed 10% of the issued ordinary share capital of the Company from time to time. In any year an eligible employee may not be granted options under the Share Option Scheme and any other share option plans established by the Company over the shares in the capital of the Company worth more on the date of grant than a maximum of 200% of such employee's annual remuneration.

The exercise of options granted is restricted so that the grantee may, under the Share Option Scheme, only exercise 10% of the shares in the capital of the Company subject to the option for each year that the option is held. The option would therefore only be capable of exercised in full 10 years from the date of grant. An option will not normally be exercisable before the expiry of one year from the date of grant. No consideration is payable for the grant of an option.

The exercise price at which options may be exercised is determined by a committee of the Board (the "Committee") and will not be less than greater of (i) the nominal value of a share if the shares in the capital of the Company are to be subscribed; and (ii) at any time when the shares in the capital of the Company are admitted to trading on the AIM, the average middle-market quotations of a share in the capital of the Company as derived from the AIM Appendix to the Daily Official List on the dealing day immediately preceding the date of grant of an option (or if the Committee so determines, the average of such quotations for the three dealing days immediately preceding the date of grant of an option) provided that such dealing days must fall within the grant period.

The Share Option Scheme was terminated with effect from the listing on the Main Board of the HKEx on 26 November 2009. No further options may be granted under the Share Option Scheme after such termination but the provisions of the Share Option Scheme will continue to apply to options granted before such termination.

There are no share options outstanding under the Share Option Scheme since 7,520,000 options granted under the Share Option Scheme lapsed on 2 August 2015.

Post Listing Share Option Scheme

The Post Listing Share Option Scheme became effective on 26 November 2009. The purpose of the Post Listing Share Option Scheme is to reward participants who have contributed to the Group and to provide incentives to participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

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

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

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

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

The Post Listing Share Option Scheme will remain valid for a period of 10 years commencing from 26 November 2009.

As at the date of this report, the total number of Shares available for issue under the Post Listing Share Option Scheme shall be 76,634,000, representing approximately 6.13 per cent. of the entire issued share capital of the Company.

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

Movements of the respective share options granted under the Share Option Scheme and the Post Listing Share Option Scheme during the period ended 31 December 2015 are as follows:

	Number of Underlying Shares comprised in Options								
Name or Category of participants	Balance as at 1 July 2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 December 2015	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Directors/ Chief Executive									
Mr. Ng Ong Nee	1,600,000	–	–	–	1,600,000	21/5/2015	21/5/2016-20/5/2019	HKD1.47	–
Dr. Lui Ming Wah, SBS JP	500,000	–	–	–	500,000	27/5/2010	27/5/2011 –26/5/2018	HKD5.68	–
Mr. Yang Zhen Han	500,000	–	–	–	500,000	27/5/2010	27/5/2011 –26/5/2018	HKD5.68	–
Employees and others:									
In aggregate	2,910,000	–	–	2,910,000	–	3/8/2005	3/8/2006 –2/8/2015	GBP0.112	–
	890,000	–	–	890,000	–	14/9/2007	14/9/2008 –2/8/2015	GBP0.2425	–
	3,720,000	–	–	3,720,000	–	15/10/2008	15/10/2009–2/8/2015	GBP0.139	–
	28,634,000	–	–	9,170,000	19,464,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
	20,000,000	–	–	400,000	19,600,000	28/2/2011	28/2/2012-27/2/2019	HKD9.00	
	25,400,000	–	–	4,000,000	21,400,000	21/5/2015	21/5/2016–20/5/2019	HKD1.47	–
	84,154,000	–	–	21,090,000	63,064,000				

Other than as disclosed above, no other share option was granted, cancelled, exercised or lapsed pursuant to the Share Option Scheme and the Post Listing Share Option Scheme of the Company during the six months ended 31 December 2015 and none of the Directors or Chief Executive of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations within the meaning of the SFO.

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

The Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such listed securities during the six months ended 31 December 2015.

CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2015, the Directors, where practicable, for an organisation of the Group's size and nature sought to adopt the two corporate governance codes below:

1. the UK Corporate Governance Code which is the key source of corporate governance recommendations for listed companies in the United Kingdom and consists of principles of good governance and covers the following areas: (i) Leadership; (ii) Effectiveness; (iii) Accountability; (iv) Remuneration; and (v) Relations with shareholders; and

2. the Corporate Governance Code (the "Code") contained in Appendix 14 to the Hong Kong Listing Rules, which took effect on 1 April 2012.

The Company has complied with all the code provisions as set out in the Code during the six months ended 31 December 2015 except for the deviations set out below:

Code Provision A.5.1

The Company does not have a nomination committee. The Directors do not consider that, given the size of the Group and the stage of its development, it is necessary to have a nomination committee. However, this will be kept under regular review by the Board. The Board as a whole regularly reviews the plans for orderly succession 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 INEDs, the independence requirements set out in the Hong Kong Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Executive Directors and is subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code for Directors' dealings appropriate for a company whose shares are admitted to trading on AIM of the London Stock Exchange and takes all reasonable steps to ensure compliance by the Directors and any relevant employees. The Company has also adopted the Model Code as its own code of conduct for dealings in its securities. Following a specific enquiry made to all Directors by the Company, each of them has confirmed that he had fully complied with the required standard as set out in the Model Code throughout the six months ended 31 December 2015.

Change in the composition of the Board and other positions of Directors

Changes in the composition of the Board during the six months ended 31 December 2015 and up to the date of this report are as follows:

With effect from 4 August 2015:

(a) Mr. Ng Hoi Yue was re-designated from an INED to an Executive Director and resigned as the Non-executive Chairman of the Board; and

(b) Mr. Ng Ong Nee was appointed the Chairman of the Board.

With effect from 12 November 2015:

(a) Mr. Cheung Wai Sun, Mr. Pang Yi and Mr. Ng Cheuk Lun retired from the Board, effective from the conclusion of the annual general meeting of the Company held on 12 November 215 (the "AGM") as they did not offer themselves for re-election as Executive Directors of the Company at the AGM;

(b) Mr. Tong Hung Wai, Tommy resigned as an Executive Director of the Company and the Vice Chairman of the Company; and

(c) Mr. Ho Wai Leung resigned as an INED of the Company.

Changes in other positions of the Directors during the six months ended 31 December 2015 are as follows:

With effect from 3 August 2015:

(a) Mr. Ng Cheuk Lun resigned as the Secretary of the Company and an authorised representative of the Company under the Hong Kong Listing Rules (the "LR Representative"); and

(b) Mr. Ng Ong Nee was appointed as a LR Representative.

With effect from 4 August 2015:

(a) Mr. Tong Hung Wai, Tommy resigned as a LR Representative, and an authorised representative (the "CO Representative") of the Company for accepting service of process and notices in Hong Kong on behalf of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance");

(b) Mr. Ng Hoi Yue was appointed as the Deputy Chief Executive Officer of the Company, a LR Representative and a CO Representative and resigned as the chairman and a member of the Audit Committee and the Remuneration Committee of the Company;

(c) Mr. Chung Koon Yan was appointed as the chairman of the Audit Committee and the Remuneration Committee; and

(d) Dr. Lui Ming Wah, SBS JP was appointed as a member of the Audit Committee.

With effect from 12 November 2015:

(a) Mr. Ho Wai Leung resigned as a member of the Remuneration Committee; and

(b) Dr. Lui Ming Wah, SBS JP was appointed as a member of the Remuneration Committee.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises three INEDs. Mr. Chung Koon Yan acts as chairman of the committee with Dr. Lui Ming Wah, SBS JP and Mr. Yang Zhen Han acting as members. The establishment of Audit Committee is in compliance with Rule 3.21 of the Hong Kong Listing Rules.

The Audit Committee has the primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on, receiving and reviewing reports from management and the external auditors relating to the annual and interim financial statements, and monitoring the accounting and internal control systems in use throughout the Group for the six months ended 31 December 2015.

PUBLICATION OF INTERIM REPORT

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

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

Hong Kong, 26 February 2016

COMPANY INFORMATION

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. CHUNG Koon Yan
Dr. LUI Ming Wah, SBS JP
Mr. YANG Zhen Han

COMPANY SECRETARY

Ms. NG Ling Ling

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2609-11, Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
Bermuda HM11

NOMINATED ADVISER AND BROKER

Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf, London E14 5RB
United Kingdom

AUDITOR

HLB Hodgson Impey Cheng Limited
31/F., Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

BERMUDA AND BVI LEGAL ADVISER

Conyers Dill & Pearman
2901 One Exchange Centre
8 Connaught Place
Central, Hong Kong

JERSEY SHARE REGISTRAR

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street, St Helier
Jersey JE1 1ES, Channel Islands

DEPOSITARY INTEREST REGISTRAR

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZY
United Kingdom

BERMUDA SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 73
AIM: ACHL

WEBSITE

www.asian-citrus.com