ASIAN CITRUS HOLDINGS LIMITED
亞洲果業控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: HKSE: 73)

ONLINE
SHOP

INTERIM REPORT
2016/17

*For identification purposes only

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FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

	For the six months ended 31 December 2016 (RMB Million)	2015 (RMB Million)	% change
Reported financial information			
Revenue	**–**	387.2	-100.0
Gross loss	**–**	-440.7	-100.0
Other income	**0.7**	10.2	-93.1
EBITDA	**-16.1**	-1,515.8	-98.9
Loss before tax	**-16.7**	-1,622.0	-99.0
Loss attributable to shareholders	**-16.7**	-1,616.3	-99.0
Basic loss per share (RMB)	**-0.013**	-1.293	-99.0

FINANCIAL POSITION

	31 December 2016 (RMB Million)	30 June 2016 (RMB Million)
Total assets	**45.6**	53.5
Net current liabilities	**-203.7**	-188.8
Cash and cash equivalents	**37.3**	49.5
Shareholders' fund	**-198.0**	-186.5
Current ratio (x)	**0.16**	0.21

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Following the financial year of 2015/16, the Company and its subsidiaries (collectively known as the "**Group**") continued to face a lot of challenges during the six months ended 31 December 2016.

The Group was principally engaged in planting, cultivation and sale of agricultural produce, manufacture and sale of fruit juice concentrates, fruit purees and frozen fruit and vegetables during the review period of this report. Due to the unforeseeable weather condition and the severe competition in citrus fruit market, the instability in production yield and profit margin increased the pressure on the Group's financial performance. In addition to improve the existing business segments' performance, the Directors believed that the Group should explore more potential investments to bring positive contribution to the Group and to diversify the income streams and minimize the business risks. Therefore, in August 2016, the Group had entered into a conditional sales and purchase agreement with an independent third party to acquire a company which in turn owned 60% interest of a property holding subsidiary in the People's Republic of China (the "**PRC**"). That property was located at Nanshan District, Shenzhen, the PRC, and over 90% of the property had been leased out and that would generate constant and significant rental income to the Group immediately after completion.

However, in late September 2016, a director and minority shareholder of a PRC subsidiary related to the Group's fruit processing business and a finance manager of that subsidiary in the PRC made certain allegations against certain PRC subsidiaries' internal records during the course of auditing for the year ended 30 June 2016. That caused serious delay in the publication of financial results of the Group for the year ended 30 June 2016 and suspension of trading of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**HKEx**") and on the Alternative Investment Market ("**AIM**") of the London Stock Exchange respectively commencing on 29 September 2016 onwards. Notwithstanding the patience and sincerity of the Directors offered to communicate with the aforesaid minority shareholder and the relevant employees in the PRC, they adopted uncooperative manners and refused to respond to the request of the auditors, the Directors and the senior management of the Company. Details of these disputes are disclosed in the underneath paragraph with titled "The Beihai Minority Disputes".

Following the financial year of 2015/16, the Directors had deconsolidated the uncooperative PRC subsidiaries for the six months ended 31 December 2016 until the relevant issues were settled ("**Deconsolidation**"). The Directors had already engaged legal professional in the PRC in order to protect and enforce all the legal rights of the Company and to obtain relevant information as a shareholder of those PRC subsidiaries.

Although there were a number of adverse conditions and events happened during the six months ended 31 December 2016, the Directors would continue to find possible solutions to solve the Beihai Minority Disputes and to identify attractive investment opportunities in order to increase the profitability of the Group in the foreseeable future.

FINANCIAL REVIEW

Due to the deconsolidation of the PRC subsidiaries of the Company during the six months ended 31 December 2016, there was no revenue, cost of sales nor gross profit in respect of the plantation business of the Group when compared to same period of last year, which amounted to RMB387.2 million, RMB827.8 million and gross loss of RMB440.7 million respectively. The tremendous decrease was due to the deconsolidation involving the PRC subsidiaries of the plantation business and processed fruit business. Moreover, during the six months ended 31 December 2016, there was other revenue of the Group which was in the amount of RMB0.7 million (2015: RMB10.2 million). The significant decrease was due to the absence of the gain on disposal of land use rights and a tremendous drop of interest income during the reviewing period of the Group.

There were no other operating expenses, finance costs nor any change in fair value of biological assets of the Group for the six months ended 31 December 2016 (six months ended 31 December 2015: other operating expenses amounted to RMB897.1 million, finance costs amounted to RMB88,000 and change in fair value of biological assets amounted to RMB190.0 million respectively) due to the Deconsolidation. The selling and distribution expenses and general and administrative expenses were in the amounted of RMB0.4 million and RMB17.0 million respectively for the six months ended 31 December 2016, representing approximately 95.8% decrease and 82.2% decrease respectively when compared to the same period of last year under review.

Loss attributable to shareholders for the period

The loss attributable to shareholders for the six months ended 31 December 2016 was approximately RMB16.7 million, compared to a loss of approximately RMB1,616.3 million of last year, representing a tremendous decrease of approximately 99.0%.

DIVIDEND

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 31 December 2016 (six months ended 31 December 2015: Nil).

CAPITAL

As at 31 December 2016, the total number of issued shares of the Company was 1,249,637,884.

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

Liquidity

As at 31 December 2016, the current ratio and quick ratio were both 0.16 (30 June 2016: both 0.21).

Gearing ratio and debt ratio

As at 31 December 2016, the Group did not incur any debt instruments nor any bank borrowings. The net cash position of the Group was approximately RMB37.3 million as at 31 December 2016 (30 June 2016: RMB49.5 million).

Funding and treasury policy

During the six months ended 31 December 2016, the Group had sufficient funds for the operation and would continue to adopt stringent cost control and conservative treasury policies in the forthcoming financial year.

Internal cash resource

The Group's funding resource comprises internal cash and cash equivalents. The Group did not have any outstanding borrowings as at 31 December 2016 (30 June 2016: Nil).

Charge on assets

None of the Group's assets were pledged as at 31 December 2016 (30 June 2016: Nil).

Capital commitments

Except for the Major Transaction (details were disclosed in the below paragraphs titled "Proposed Major Transaction and Subsequent Extension of the Terms" under the Significant Events of this section) which was terminated on 30 September 2017, the Group did not have other capital commitments as at 31 December 2016 (30 June 2016: Nil).

Foreign exchange risk

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

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

EMPLOYEES OF THE GROUP

The Group has adopted a competitive remuneration package since it aims to attract, retain and motivate high calibre individuals. Remuneration packages are performance-linked and business performance, market practices and competitive market conditions are all taken into consideration in determining remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as discretionary bonuses, mandatory provident fund contributions and share options.

As at 31 December 2016, the total headcount of the Group, not including the employees of the deconsolidated PRC subsidiaries after the Deconsolidation, was 25 (30 June 2016: 18).

MAJOR CUSTOMERS AND SUPPLIERS

During the six months ended 31 December 2016, the Group had some other income from general trading business which sold products by e-Commerce to a wide range of independent customers around the world. There were no major customers or major suppliers in respect of the general trading business.

PLANTATIONS

As reported in the annual report of the Group for the financial year ended 30 June 2016, Xinfeng Plantation and Hunan Plantation, which were operated by the deconsolidated PRC subsidiaries, had already ceased operation permanently in December 2015 and May 2016 respectively.

CONTINGENT LIABILITIES

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

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

Save as disclosed in the above paragraphs and in the section with titled "Legal Cases of Deconsolidated Subsidiaries", to the best knowledge of the Directors' information, the Company did not have any contingent liabilities as at 31 December 2016.

SIGNIFICANT EVENTS

(i) PRC Business Cooperation Agreements

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

(ii) Proposed Major Transaction and Subsequent Extension of the Terms

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

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

Due to the delay in publication of the annual results and annual report of the Company for the year ended 30 June 2016 and the relevant circular of the Major Transaction, the long stop dates of the SPA and the placing agreement had been extended on 23 December 2016 and 30 June 2017 to 30 June 2017 and 30 September 2017 respectively. Details of the Major Transaction, the extension of long stop dates and the delay in dispatch of the relevant circular were disclosed in the Company's announcements dated 25 August 2016, 14 October 2016, 23 December 2016 and 30 June 2017 respectively.

However, eventually the term of the SPA and the placing agreement was expired on 30 September 2017. Details of the expiry of the SPA and the placing agreement were disclosed in the underneath paragraph with titled "Post Balance Sheet Events – Expiry of the Terms of the Major Transaction".

(iii) The Beihai Minority Disputes and subsequent development

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

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

Those PRC subsidiaries were deconsolidated in the Group's consolidated financial statements for the six months ended 31 December 2016.

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

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(iv) *Delay in publication of the annual results and annual report of the Company for the financial year ended 30 June 2016*

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

Details of the delay in publication of annual results and annual report were disclosed in the Company's announcements dated 29 September 2016 and 22 December 2016 and other monthly update announcements.

(v) *Suspension of Trading*

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

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

POST BALANCE SHEET EVENTS

(1) *Completion of the acquisition of the Agriculture Company*

On 1 December 2016, Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) ("**Lucky Team Hepu**") had entered into a cooperation agreement with an agriculture Company, namely Guangxi Hepu Guanhua Agriculture Co., Ltd.* (廣西合浦冠華農業有限公司) (the "**Agriculture Company**"), for a term of 30 years (the "**Cooperation Agreement**") whereby the Agriculture Company would contribute fertilisers, pesticides and labour while Lucky Team Hepu would contribute the land, trees, machinery and the provision of technical support on cultivation and soil management. Under the Cooperation Agreement, the revenues generated from harvested oranges would be shared between Lucky Team Hepu and the Agriculture Company in the proportion of 10% and 90% respectively.

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

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

Details of the Acquisition were also disclosed in note 2 to the consolidated financial statements of the Group for the six months ended 31 December 2016.

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(2) Cancellation from Trading on AIM

On 27 March 2017, the Company announced that, as the London Stock Exchange would cancel the admission of AIM securities where these securities had been suspended from trading for 6 months, the Company's shares were cancelled from trading on AIM with effect from 29 March 2017.

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

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

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

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

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

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

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

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

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

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

(5) Expiry of the Terms of the Major Transaction

The long stop dates of the SPA and the placing agreement had been extended on 23 December 2016 and 30 June 2017 to 30 June 2017 and 30 September 2017 respectively. However, the long stop dates of the SPA and the placing agreement were lapse on 30 September 2017 eventually without further extension. The Major Transaction was terminated.

Details of the Major Transaction, the extension of long stop dates, the delay in dispatch of the relevant circular and the lapse of the SPA and the placing agreement were disclosed in the Company's announcements dated 25 August 2016, 14 October 2016, 23 December 2016, 30 June 2017 and 29 September 2017 respectively.

(6) Legal Cases of Deconsolidated Subsidiaries

(1) Shareholders dispute relating to Beihai Perfuming Garden

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

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

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

(2) Information rights proceedings relating to Tianyang Perfuming Garden

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

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

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

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

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

(3) Information right proceedings relating to Beihai Perfuming Garden

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

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

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

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

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

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

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

(4) Contractual dispute relating to Tianyang Perfuming Garden

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

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

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

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

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

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

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

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

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

CONDITIONS FOR RESUMPTION OF TRADING OF SHARES OF THE COMPANY

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

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2016

	Notes	Six months ended 31 December 2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Revenue	5	–	387,159
Cost of sales		–	(827,818)
Gross loss		–	(440,659)
Other income	6	740	10,162
Change in fair value of biological assets		–	(190,000)
Selling and distribution expenses		(364)	(8,769)
General and administrative expenses		(17,034)	(95,539)
Other operating expenses	7	–	(897,086)
Finance costs	8(a)	–	(88)
Loss before tax	8	(16,658)	(1,621,979)
Income tax expense	9	–	–
Loss for the period		(16,658)	(1,621,979)
Attributable to			
Owners of the Company		(16,658)	(1,616,300)
Non-controlling interest		–	(5,679)
		(16,658)	(1,621,979)
		RMB	RMB
Loss per share	10		
– Basic and diluted		(0.013)	(1.293)

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 2016

	Six months ended 31 December 2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Loss for the period	**(16,658)**	(1,621,979)
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of tax	**5,108**	211
Total comprehensive loss for the period	**(11,550)**	(1,621,768)
Attributable to		
Owners of the Company	**(11,550)**	(1,616,089)
Non-controlling interests	**–**	(5,679)
	(11,550)	(1,621,768)

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	31 December 2016 (unaudited) RMB'000	30 June 2016 (audited) RMB'000
Assets			
Non-current assets			
Property, plant and equipment	11	5,665	2,370
Land use rights		–	–
Construction-in-progress		–	–
Biological assets		–	–
Intangible assets		–	–
Deposits		–	–
Goodwill		–	–
		5,665	2,370
Current assets			
Biological assets		–	–
Properties for sale		–	–
Inventories	12	12	–
Trade and other receivables	13	2,601	1,560
Cash and cash equivalents		37,339	49,539
		39,952	51,099
Total assets		45,617	53,469
Equity and Liabilities			
Capital and reserves			
Share capital	14(a)	12,340	12,340
Reserves		(210,359)	(198,809)
Capital deficiency attributable to owners of the Company		(198,019)	(186,469)
Non-controlling interests		–	–
Capital deficiency		(198,019)	(186,469)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Note	**31 December 2016 (unaudited) RMB'000**	30 June 2016 (audited) RMB'000
Non-current liability			
Obligations under financial leases		**–**	–
Current liabilities			
Trade and other payables	15	**243,636**	239,938
Obligations under financial leases		**–**	–
Total liabilities		**243,636**	239,938
Total equity and liabilities		**45,617**	53,469
Net current liabilities		**(203,684)**	(188,839)
Total assets less current liabilities		**(198,019)**	(186,469)

The condensed consolidated financial statements on pages 14 to 41 were approved and authorised for issue by the Board of Directors on 12 July 2018 and are signed on its behalf by:

Ng Ong Nee
Director

Ng Hoi Yue
Director

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

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

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	Note	Attributable to owners of the Company									
		Share Capital RMB'000	Share premium RMB'000 (note(a))	Merger reserve RMB'000 (note(b))	Share options reserve RMB'000 (note(c))	Statutory reserve RMB'000 (note(d))	Exchange reserve RMB'000 (note(e))	Retained profits/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 July 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
Changes in equity for the six months ended 31 December 2015 (unaudited):											
Loss for the period		–	–	–	–	–	–	(1,616,300)	(1,616,300)	(5,679)	(1,621,979)
Other comprehensive income											
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)	(1616,089)	(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.

Notes:

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

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

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

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

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

The accompanying notes form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016

	Six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Net cash used in operating activities	**(13,569)**	(223,770)
Investing activities		
Proceeds from disposal of property, plant and equipment	**–**	278
Net additions to biological assets	**–**	(141,639)
Proceeds from disposal of land use rights	**–**	26,600
Additions to construction-in-progress	**–**	(54,423)
Purchases of property, plant and equipment	**(3,824)**	(18,566)
Deposits paid for acquisition of property, plant and equipment	**–**	(8,564)
Interest received	**100**	4,111
Net cash used in investing activities	**(3,724)**	(192,203)
Financing activities		
Repayments of obligations under finance leases	**–**	(62)
Finance costs paid	**–**	(88)
Net cash used in financing activities	**–**	(150)
Net decrease in cash and cash equivalents	**(17,293)**	(416,123)
Cash and cash equivalents at beginning of the period	**49,539**	937,571
Effect of foreign exchange rate changes	**5,093**	–
Cash and cash equivalents at end of the period	**37,339**	521,448

Major non-cash transactions

During the six months ended 31 December 2016, purchases of property, plant and equipment included an amount of RMBnil (six months ended 31 December 2015: RMB1,028,000) transferred from non-current deposits.

The accompanying notes form part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Asian Citrus Holdings Limited (the "**Company**") is incorporated in Bermuda on 4 June 2003 as an exempted company with limited liability under the Companies Act of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEx**").

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

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

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

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

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

1. GENERAL INFORMATION *(Continued)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company	Principal activities
Indirectly held:						
Asian Citrus (H.K.) Company Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	General commercial and leasing of properties
Chance Full (H.K.) Group Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	General commercial
BPG Food & Beverage Holdings Ltd.	Cayman Islands	Hong Kong	Ordinary	HKD1,000	100%	Investment holding
Bright Treasure Group Holdings Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	Sale of goods
Chance Lead Holdings Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	Investment holding
Fame Zone Limited	BVI	Hong Kong	Ordinary	USD1	100%	Investment holding
Golden City Worldwide Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	Sale of goods
Top Honest Holdings Limited	BVI	Hong Kong	Ordinary	USD1	100%	Investment holding
Wealth Elite Investments Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	Investment holding
Beihai Perfuming Garden Juice Co. Ltd^Δ^ (北海市果香園果汁有限公司)#	The People's Republic of China (the "**PRC**")	PRC	Ordinary	RMB226,800,000	92.94%	Trading of fruit juice concentrates, manufacture and sale of frozen fruits and vegetables
Beihai Super Fruit Co., Ltd^Δ^ (北海盛果商貿有限公司)#	PRC	PRC	Ordinary	RMB3,000,000	92.94%	Trading of condensed fruit juice
Guangzhou Asian Citrus Investment Consulting Co., Ltd.^Δ^ (廣州市亞機果投資諮詢有限公司)*	PRC	PRC	Ordinary	RMBNil	100%	Not commenced business yet
Hepu Perfuming Garden Food Co., Ltd.^Δ^ (合浦果香園食品有限公司)#	PRC	PRC	Ordinary	RMB34,000,000	92.94%	Manufacture and sale of fruit juice concentrates, fruit purees and others

1. GENERAL INFORMATION *(Continued)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company	Principal activities
Indirectly held: *(continued)*						
Litian Biological Sciences & Technology Development (Xinfeng) Company Limited[Δ] (利添生物科技發展(信豐)有限公司)*#	PRC	PRC	Ordinary	USD15,000,000	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development Yongzhou Limited[Δ] (永州利添生物科技發展有限公司)*#	PRC	PRC	Ordinary	USD10,000,000	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development (Hepu) Limited[Δ] (利添生物科技發展(合浦)有限公司)*#	PRC	PRC	Ordinary	RMB284,850,000	100%	Planting, cultivation and sale of oranges
Lucky Team Industrial (Ganzhou) Company Limited[Δ] (利添實業(贛州)有限公司)*#	PRC	PRC	Ordinary	USD10,000,000	100%	Development of orange processing centre
Lucky Team (Hepu) Agriculture Development Limited[Δ] (利添良繁(合浦)農業發展有限公司)*#	PRC	PRC	Ordinary	HKD28,000,000	100%	Development of nursery
Tianyang Perfuming Garden Food Industrial Co., Ltd.[Δ] (田陽果香園食品工業有限公司)*#	PRC	PRC	Ordinary	HKD78,000,000	100%	Manufacture and sale of frozen fruits and others

* Established in the PRC as wholly foreign-owned enterprise

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

Δ For identification purposes only

2. BASIS OF PREPARATION

The interim financial information as at and for the six months ended 31 December 2016 comprise the Company and its subsidiaries (collectively referred as to the "**Group**"). Details of the subsidiaries were set out in note 1.

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

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

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

* *For identification purposes only*

2. BASIS OF PREPARATION *(Continued)*

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

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

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

* *For identification purposes only*

2. BASIS OF PREPARATION *(Continued)*

Given the circumstances that the directors of the Company have not been able to have access to complete books and records of the PRC Subsidiaries and in the absence of Mr. Man, Mr. DQ Chen and the management of the PRC Subsidiaries to explain and validate the true state of the affairs of the PRC Subsidiaries as at 31 December 2016 and their financial performance for the six months ended 31 December 2016, the directors of the Company considered it would be extremely difficult and time consuming to ascertain the true and correct financial position and profit or loss as of and for the six months ended 31 December 2016 for the Group on a consolidated basis or to obtain sufficient documentary information to satisfy themselves regarding the treatment of the transactions during the period and year and various balances of the Group and the PRC Subsidiaries as at 31 December 2016. As of the date of approval of this interim financial information, the directors of the Company are satisfied that the Group have used its best efforts, to the extent commercially practicable, to attempt to obtain the accounting records of the PRC Subsidiaries for the six months ended 31 December 2016, applying the best estimates and judgement based on the information of the Group that are available to the directors of the Company. In the opinion of the Board, any reconstruction of the correct accounting records would be impracticable as it will be necessary to verify the information with external and independent sources and such sources may not be available or may be unreliable due to their connections with the management of the PRC Subsidiaries or those responsible for the financial information within and outside of the Group.

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

In the opinion of the directors of the Company, the interim financial information of the Group as at and for the six months ended 31 December 2016 prepared on the aforementioned basis is the most appropriate and practical way of presenting the results and state of affairs of the Group as the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the transactions and balances related to the Deconsolidated Subsidiaries. However, the deconsolidation of the Deconsolidated Subsidiaries is not in compliance with the requirements of International Financial Reporting Standard ("**IFRS**") 10 "Consolidated Financial Statements". Given the abovementioned circumstances, the directors of the Company are unable to ascertain the impact of the Incidents with respect to the accounting records and transactions of the Deconsolidated Subsidiaries, if any, and hence how much of the reported loss arising from the Incidents related solely to the impact of deconsolidation of the Deconsolidated Subsidiaries.

2. BASIS OF PREPARATION *(Continued)*

Due to limited books of account and records available to the directors of the Company and the non-consolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015, the following disclosures have not been made in the consolidated financial statements insofar as the details or information relate to the Deconsolidated Subsidiaries as at and for the six months ended 31 December 2016:

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

Further, for the same reasons as those stated above, the Board is unable to represent in this interim financial information that all transactions entered into by the Group for the six months ended 31 December 2016 have been properly reflected in the interim financial information. In this connection, the Board is also unable to represent as to the completeness, existence and accuracy of identification and the disclosures of segment information in note 4, revenue in note 5, other income in note 6, other operating expenses in note 7, loss before tax in note 8, income tax expense in note 9, loss per share in note 10, property, plant and equipment in note 11, inventories in note 12, trade and other receivables in note 13, capital, reserves and dividends in note 14, trade and other payables in note 15, commitments in note 16 and related party transactions in note 17, insofar as the details or information relate to the Deconsolidated Subsidiaries.

Any adjustments arising from the matters described above would have a consequential significant effect on the net loss of the Group for the six months ended 31 December 2016 and net liabilities of the Group as at 31 December 2016, as well as the elements presented in the interim financial information.

Due to the limited financial information available and the non-cooperation of the management of the Deconsolidated Subsidiaries, the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the genuineness and completeness of books and records and the treatment of various balances as included in the condensed consolidated financial statements for the six months ended 31 December 2016 and have formed the opinion as follows:

* *For identification purposes only*

2. BASIS OF PREPARATION *(Continued)*

As per assessment by the Board based on the information available at this stage, all identified, required adjustments have been put through in the interim financial information for the six months ended 31 December 2016. Since the communication with Mr. Man and Mr. DQ Chen and formal legal procedures are still ongoing, any further adjustments and disclosures, if required, would be made in the interim financial information of the Group as and when the outcome of the above uncertainties is known and the consequential adjustments and disclosures are identified, and would have a consequential effect on the net loss of the Group for the six months ended 31 December 2016 and the net liabilities of the Group as at 31 December 2016.

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

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

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

* *For identification purposes only*

2. BASIS OF PREPARATION *(Continued)*

During the six months ended 31 December 2016, the Group incurred loss of approximately RMB16,658,000 and as of that date, the Group's total liabilities exceeded its total assets by approximately RMB198,019,000. In addition, at the request of the Company, the trading of the shares of the Company on the HKEx was suspended with effect from 29 September 2016. The directors of the Company have been unable to represent that all present and contingent liabilities of the Group have been completely identified as abovementioned. These conditions indicate the existence of a material uncertainty which may cast significant doubts on the Group's ability to continue as a going concern.

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

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

Except as disclosed in note 2, this interim financial information has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim financial reporting", issued by the International Accounting Standards Board ("**IASB**"), the applicable disclosure provisions of the Listing Rules.

The interim financial information has been prepared under the historical cost convention, except that certain biological assets are carried at their fair values. The principal accounting policies adopted in the preparation of this interim financial information are consistent with those followed in the Group's annual financial statements for the year ended 30 June 2016, except for the accounting policy changes that are expected to be reflected in the Group's annual financial statements for the year ended 30 June 2017. 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 2015/16 annual consolidated financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

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

3. APPLICATION OF NEW AND REVISED IFRSs

This interim financial information has been prepared in accordance with IAS 34, "Interim financial reporting", issued by the IASB, the applicable disclosure provisions of the Listing Rules. All IFRSs effective for the accounting period commencing on 1 July 2016, together with the relevant transitional provisions, have been adopted by the Group in the preparation of this interim financial information throughout the period covered in this report.

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

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

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

4. SEGMENT INFORMATION

The Group manages its business by lines of business in a manner consistent with the way in which information was reported internally to the Group's chief operating decision maker for the purposes of resources allocation and performance assessment, the Group had two operating segments. The segments were managed separately as each business offered different products and required different business strategies. The following summary describes the operations in each of the Group's reportable and operating 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

No inter-segment transactions accrued between the two operating segments of the Group.

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

The directors of the Company assess the performance of the operating segments based on a measure of operating 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 were 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

	Agricultural produce RMB'000	Processed fruit RMB'000	Total RMB'000
Six months ended 31 December 2016 (unaudited):			
Results			
Reportable segment revenue and revenue from external customers	–	–	–
Reportable segment results	–	–	–
Unallocated corporate expenses			(17,398)
Unallocated corporate other income			740
Loss before tax			(16,658)
Income tax expense			–
Loss for the period			(16,658)
As at 31 December 2016 (unaudited):			
Assets			
Segment assets	–	–	–
Unallocated corporate assets			45,617
Total assets			45,617
Liabilities			
Segment liabilities	–	–	–
Unallocated corporate liabilities			(243,636)
Total liabilities			(243,636)

4. SEGMENT INFORMATION *(Continued)*

Segment results, assets and liabilities (Continued)

	Agricultural produce RMB'000	Processed fruit RMB'000	Total RMB'000
Six months ended 31 December 2015 (unaudited):			
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 tax			(1,621,979)
Income tax expense			–
Loss for the period			(1,621,979)
As at 30 June 2016 (audited):			
Assets			
Segment assets	–	–	–
Unallocated corporate assets			53,469
Total assets			53,469
Liabilities			
Segment liabilities	–	–	–
Unallocated corporate liabilities			(239,938)
Total liabilities			(239,938)

\# Included in reportable segment results of agricultural produce, there were impairment losses of approximately RMB581,498,000, RMB270,401,000 and RMB10,780,000 in respect of property, plant and equipment, biological assets and intangible assets respectively.

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

5. REVENUE

The amount of each significant category of revenue recognised is as follows:

	Six months ended 31 December 2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Sales of oranges	–	36,779
Sales of bananas	–	18,656
Sales of self-bred saplings	–	564
Sales of processed fruit	–	331,160
	–	387,159

6. OTHER INCOME

	Six months ended 31 December 2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Interest income	100	4,111
Gain on disposal of land use rights	–	6,029
Sundry income	640	22
	740	10,162

7. OTHER OPERATING EXPENSES

	Six months ended 31 December 2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Impairment of property, plant and equipment#	–	581,498
Impairment of biological assets#	–	270,401
Impairment of intangible assets##	–	45,187
	–	897,086

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.

7. OTHER OPERATING EXPENSES *(Continued)*

\#\# 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 approximately RMB45,187,000 was 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.

8. LOSS BEFORE TAX

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

	Six months ended 31 December 2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
(a) Finance costs		
Bank charges	–	59
Finance charges on obligations under finance leases	–	29
	–	88
(b) Staff costs (including directors' emoluments)		
– salaries, wages and other benefits	4,862	63,424
– share-based payments	–	7,069
– contributions to defined contribution retirement plans	104	2,141
	4,966	72,634
(c) Other items		
Amortisation of land use rights	–	733
Amortisation of intangible assets	–	5,904
Auditors' remuneration	697	954
Cost of agricultural produce sold#	–	501,990
Cost of inventories of processed fruit recognised as expenses##	–	325,828
Depreciation of property, plant and equipment	667	106,941
Add: Realisation of depreciation previously capitalised as biological assets	–	31,973
Less: Amount capitalised as biological assets	–	(35,339)
	667	103,575
Exchange loss/(gains), net	3,455	(2,977)
Operating lease expenses		
– plantation bases	–	4,934
– properties	1,472	979
Research and development costs	–	16,628
Written down of inventories###	–	11,567
Loss on disposals of property, plant and equipment	–	4,081
Gain on disposal of land use rights	–	(6,029)

8. LOSS BEFORE TAX *(Continued)*

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

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

The written down of inventories for the period comprised of RMBnil (six months ended 31 December 2015: RMB11,567,000) included in general and administrative 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, Cayman Islands and the BVI, the Group is not subject to any income tax in the respective tax jurisdictions.

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

(iii) No PRC enterprise income tax has been provided for as the Group did not have assessable profit in the PRC during the period. Prior to the deconsolidation of the Deconsolidated Subsidiaries, the Group determined its provision for PRC enterprise income tax based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax laws, rules and regulations of the PRC.

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

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

(iv) PRC withholding income tax

Under the PRC tax law, profits of the Group's subsidiaries in the PRC derived since 1 January 2008 is subject to withholding income tax upon the distribution of such profits at the rate of 5% for foreign investors or companies incorporated in Hong Kong and at the rate of 10% for other foreign investors. Pursuant to the grandfathering arrangements of the PRC tax law, dividends receivable by the Group from its subsidiaries in the PRC in respect of the undistributed profits derived prior to 31 December 2007 are exempt from the withholding income tax. At 31 December 2016, no deferred tax liabilities have been recognised in respect of the tax that would be payable on the unremitted profits of the subsidiaries in the PRC derived since 1 January 2008 as the Company is in a position to control the dividend policies of the subsidiaries in the PRC and no distribution of such profits is expected to be declared from the subsidiaries in the PRC in the foreseeable future.

10. LOSS PER SHARE

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

	Six months ended 31 December 2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Loss		
Loss attributable to owners of the Company used in basic and diluted loss per share calculation	**(16,658)**	(1,616,300)
Weighted average number of shares	**'000**	'000
Weighted average number of ordinary shares used in basic and diluted loss per share calculation	**1,249,638**	1,249,638

Note:

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

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2016, the Group acquired items of property, plant and equipment with a cost of approximately RMB3,824,000 (six months ended 31 December 2015: RMB19,594,000). No items of property, plant and equipment were disposed of during the six months ended 31 December 2016 (six months ended 31 December 2015: items of property, plant and equipment with carrying amount of approximately RMB4,359,000 were disposed of, resulting in a loss on disposal of approximately RMB4,081,000).

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

During the six months ended 31 December 2015, 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.

12. INVENTORIES

	31 December 2016 (unaudited) RMB'000	30 June 2016 (audited) RMB'000
Finished goods	**12**	–

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

13. TRADE AND OTHER RECEIVABLES

	31 December 2016 (unaudited) RMB'000	30 June 2016 (audited) RMB'000
Other receivables, deposits and prepayments	**2,601**	1,560

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

14. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Number of shares	HKD'000	RMB'000
Authorised:			
Ordinary shares of HKD0.01 each At 30 June 2016 (audited) and 31 December 2016 (unaudited)	2,000,000,000	20,000	20,900
Issued and fully paid:			
At 30 June 2016 (audited) and 31 December 2016 (unaudited)	1,249,637,884	12,496	12,340

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

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

(b) Dividends

The directors of the Company do not declare the payment of any interim dividend in respect of the six-month periods ended 31 December 2016 and 2015.

(c) Capital management

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

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

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

15. TRADE AND OTHER PAYABLES

	31 December 2016 (unaudited) RMB'000	30 June 2016 (audited) RMB'000
Trade payables	**7**	–
Other payables and accruals	**6,115**	2,424
Amounts due to Deconsolidated Subsidiaries	**237,514**	237,514
	243,636	239,938

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

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

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

	31 December 2016 (unaudited) RMB'000	30 June 2016 (audited) RMB'000
Less than 3 months	**7**	–

16. COMMITMENTS

Operating lease commitments

At 31 December 2016, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	31 December 2016 (unaudited) RMB'000	30 June 2016 (audited) RMB'000
Within 1 year	3,053	1,860
After 1 year but within 5 years	2,797	2,015
	5,850	3,875

As at 31 December 2016, operating lease payments represent rental payable by the Group for certain premises, with leases negotiated for initial terms for three years. None of the leases include contingent rentals.

17. 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:

	Six months ended 31 December 2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Operating lease expenses paid to:		
Alpha Best Limited	–	178
Pan Air and Sea Forwarders (HK) Limited	–	238
	–	416
Consultancy fee paid to:		
Mr. Tong Wang Chow	–	585
Asia Link International (HK) Limited	–	103
	–	688
Staff costs provided to:		
Ms. Tong Mei Lin#	–	135

17. 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: *(Continued)*

For the six months ended 31 December 2015:

Mr. Tong Wang Chow resigned as an executive director of the Company on 3 March 2014, he was still considered as a related party of the Group as he is the father of Mr. Tong Hung Wai, Tommy, who resigned as an executive director of the Company on 12 November 2015.

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 Lin.

In respect of the benefits of share-based payments, Ms. Tong Mei Lin was entitled to an amount of approximately RMB62,000 for the six months ended 31 December 2015.

In respect of the benefits of retirement scheme contribution, Ms. Tong Mei Lin was entitled to an amount of approximately RMB7,000 for the six months ended 31 December 2015.

(b) Balances with related parties

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

(c) Compensation of key management personnel

	Six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Short-term employee benefits	**2,023**	5,470
Share-based payments	**–**	1,440
Contributions to defined contribution retirement plans	**8**	64
	2,031	6,974

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 2016, the interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "**SFO**")) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were notified to the Company and The Stock Exchange of Hong Kong Limited ("**the HKEx**"), pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), are set out below:

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

Notes:

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

(2) 500,000 shares would be allotted and issued to Dr. Lui Ming Wah, PhD, SBS JP, an Independent Non-executive Director ("**INED**") upon his exercise in full of the share options granted to him under a post listing share option scheme adopted by the Company on 2 November 2009 and becoming effective upon the commencement of dealings of the shares on the HKEx on 26 November 2009 (the "**Post Listing Share Option Scheme**"). These share options, all of which remained exercisable as at 31 December 2016, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 20 May 2018. These share options lapsed on 26 May 2018.

(3) 500,000 shares would be allotted and issued to Mr. Yang Zhen Han, an INED upon his exercise in full of the share options granted to him under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 31 December 2016, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018. These share options lapsed on 26 May 2018.

Save as disclosed above, none of the Directors, the Chief Executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of SFO) as at 31 December 2016 as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the HKEx pursuant to the Model Code.

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

As at 31 December 2016, 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 shares of the Company
Changjiang Tyling *(Note 1)*	179,252,394	14.34%
Mr. Ng Ong Nee *(Note 1)*	179,252,394	14.34%

Notes:

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

(2) The Company had issued share capital of 1,249,637,884 shares on 31 December 2016.

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.

POST LISTING SHARE OPTION SCHEME

Post Listing Share Option Scheme

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

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

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

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

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

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

As at the date of this report, the total number of Shares available for issue under the Post Listing Share Option Scheme shall be 46,134,000, representing approximately 3.69 per cent. of the entire issued share capital of the Company.

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

Movements of the respective share options granted under the Post Listing Share Option Scheme during the six months ended 31 December 2016 are as follows:

	Number of Underlying Shares comprised in Options								
Name or Category of participants	Balance as at 1 July 2016	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 31 December 2016	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Directors/ Chief Executive									
Dr. Lui Ming Wah, PhD, SBS JP	500,000	–	–	–	500,000*	27/5/2010	27/5/2011 –26/5/2018	HKD5.68	–
Mr. Yang Zhen Han	500,000	–	–	–	500,000*	27/5/2010	27/5/2011 –26/5/2018	HKD5.68	–
Employees and others:									
In aggregate	9,764,000	–	–	–	9,764,000*	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
	16,700,000	–	–	–	16,700,000	28/2/2011	28/2/2012–27/2/2019	HKD9.00	
	18,670,000	–	–	–	18,670,000	21/5/2015	21/5/2016–20/5/2019	HKD1.47	–
	46,134,000	–	–	–	46,134,000				

* *These share options lapsed on 26 May 2018.*

Other than as disclosed above, no other share option was granted, cancelled or exercised or lapsed pursuant to the Post Listing Share Option Scheme during the six months ended 31 December 2016 and none of the Directors or Chief Executive of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations within the meaning of the SFO.

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

The Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell of any of such listed securities during the six months ended 31 December 2016.

CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2016, the Directors, where practicable, 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 the 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 for six months ended 31 December 2016 except the deviations set out below:

Code Provision A.2.1

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

Code Provision A.5.1

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

Code Provisions C.1.1 & C.1.2

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

During the course of auditing for the previous financial year ended 30 June 2016, the auditors of the Company reported that: (i) a director of a deconsolidated PRC subsidiary of the Group had alleged that there were inaccuracies in the books and records of certain deconsolidated PRC subsidiaries of the Group and (ii) a finance manager of certain deconsolidated PRC subsidiaries of the Group had sent written correspondence to the auditors indicated that certain amounts or balances in the internal records of certain customers or suppliers did not correspond to the internal records of the Group. Subsequently, those management of such deconsolidated PRC subsidiaries of the Group refused to provide information requested by the Directors and senior management of the Company. In order to protect and enforce all the legal rights of the Group, the Company had engaged legal professional in the PRC to handle those disputes/issues arisen and there were judgments of certain litigations which have been granted in favour of the Group (the "**Beihai Minority Disputes**"). Those PRC subsidiaries were deconsolidated in the Company's financial statements for the six months ended 31 December 2016.

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

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

Due to the Beihai Minority Disputes, the Directors and senior management of the Company could not access the financial, legal and administration records of certain deconsolidated PRC subsidiaries and that affected the execution of annual review under the existing internal control system of the Group. As mentioned in the above paragraph, the Company had engaged legal professional in the PRC in order to protect and enforce all the legal rights of the Group and to obtain copies of the relevant documents as a shareholder of those deconsolidated PRC subsidiaries.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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 2016.

CHANGES IN THE COMPOSITION OF THE BOARD

Changes in the composition of the Board during the six months ended 31 December 2016 and up to the date of this report are as follows:

With effect from 10 February 2017, Mr. He Xiaohong was appointed as a Non-executive Director.

REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has the primary responsibility for reviewing the effectiveness of the Company's financial control, internal control and risk management systems and ensuring that the financial performance of the Company is properly measured and reported on, receiving and reviewing reports from management relating to the interim financial statements, and monitoring the accounting, internal control and risk management systems in use throughout the Group for the six months ended 31 December 2016.

The Audit Committee has reviewed with the management regarding the accounting principles and practices adopted by the Group and has discussed the internal control and financial reporting matters, including the review of the Group's unaudited consolidated financial statements and interim report for the six months ended 31 December 2016.

PUBLICATION OF INTERIM REPORT

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

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

Hong Kong, 12 July 2018

COMPANY INFORMATION

DIRECTORS

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

Non-executive Director
Mr. HE Xiaohong

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

COMPANY SECRETARY

Miss NG Ling Ling

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Bermuda HM11

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United Kingdom

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The Landmark, 11 Pedder Street
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BERMUDA AND BVI LEGAL ADVISER

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Central, Hong Kong

JERSEY SHARE REGISTRAR

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BERMUDA SHARE REGISTRAR

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Bermuda

HONG KONG SHARE REGISTRAR

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STOCK CODE

The Stock Exchange of Hong Kong Limited: 73

WEBSITE

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