



# ASIAN CITRUS HOLDINGS LIMITED

Stock codes: HKEx: 73, AIM: ACHL



## FY 2009/2010 Annual Results

12 October 2010

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# Agenda

- **Results Highlights**
- **Financial Overview**
- **Business Overview**
- **Business Outlook**
- **BPG Fact sheet**



# Results Highlights



# Results Highlights – Annual Results 2009/10

(RMB' Million)	Including revaluation from biological assets			Excluding revaluation from biological assets		
	2009/10	2008/09	% Change	2009/10	2008/09	% Change
Revenue	812.5	668.5	+21.5	812.5	668.5	+21.5
Gross profit	468.4	409.2	+14.5	468.4	409.2	+14.5
EBITDA	652.4	501.9	+30.0	346.4	291.2	+19.0
Profit before tax	587.3	442.3	+32.8	281.3	231.6	+21.5
Net profit	585.5	440.1	+33.0	279.5	229.4	+21.8
Basic EPS (RMB)	0.74	0.58	+27.6	0.35	0.30	+16.7
Final Dividend (RMB)	0.10	0.08	+25.0	0.10	0.08	+25.0
Special Dividend (RMB)	0.02	Nil	N/A	0.02	Nil	N/A
Payout ratio	17.6%	14.0%		37.0%	26.9%	

\*Net gain on change in fair value of biological assets:

- 2009/10 RMB 306.0 million
- 2008/09 RMB 210.6 million



# Cash Flow Summary - Annual Results 2009/10

(RMB' Million)	2009/10	2008/09	% Change
Cash and cash equivalents as at 1 July	461.2	310.0	+48.8
Cash generated from operations	339.3	279.0	+21.6
Net cash used in investing activities	<u>-143.7</u>	<u>-114.7</u>	+25.3
<b>Free cash flow</b>	<b>195.6</b>	164.3	+19.1
Net cash generated from financing activities	318.2	-13.0	N/A
Net increase in cash and cash equivalent	513.8	151.3	+239.6
Cash and cash equivalents as at 30 June	975.1	461.2	+111.4



## Balance Sheet At-A-Glance - Annual Results 2009/10

<b>(RMB' Million)</b>	<b>6/2010</b>	<b>6/2009</b>	<b>% Change</b>
Property, plant and equipment	<b>1,161.4</b>	1,083.8	+7.2
Construction-in-progress	<b>64.3</b>	79.0	-18.6
Biological assets (non-current portion)	<b>1,449.6</b>	1,142.0	+26.9
Other non-current assets	<b>91.6</b>	86.8	+5.5
Total non-current assets	<b>2,767.0</b>	2391.6	+15.7
Total current assts	<b>1,104.3</b>	565.5	+95.3
Total liabilities	<b>51.8</b>	51.8	-
Net current assets	<b>1,052.5</b>	513.7	+104.9
Net assets	<b>3,819.5</b>	2,905.3	+31.5

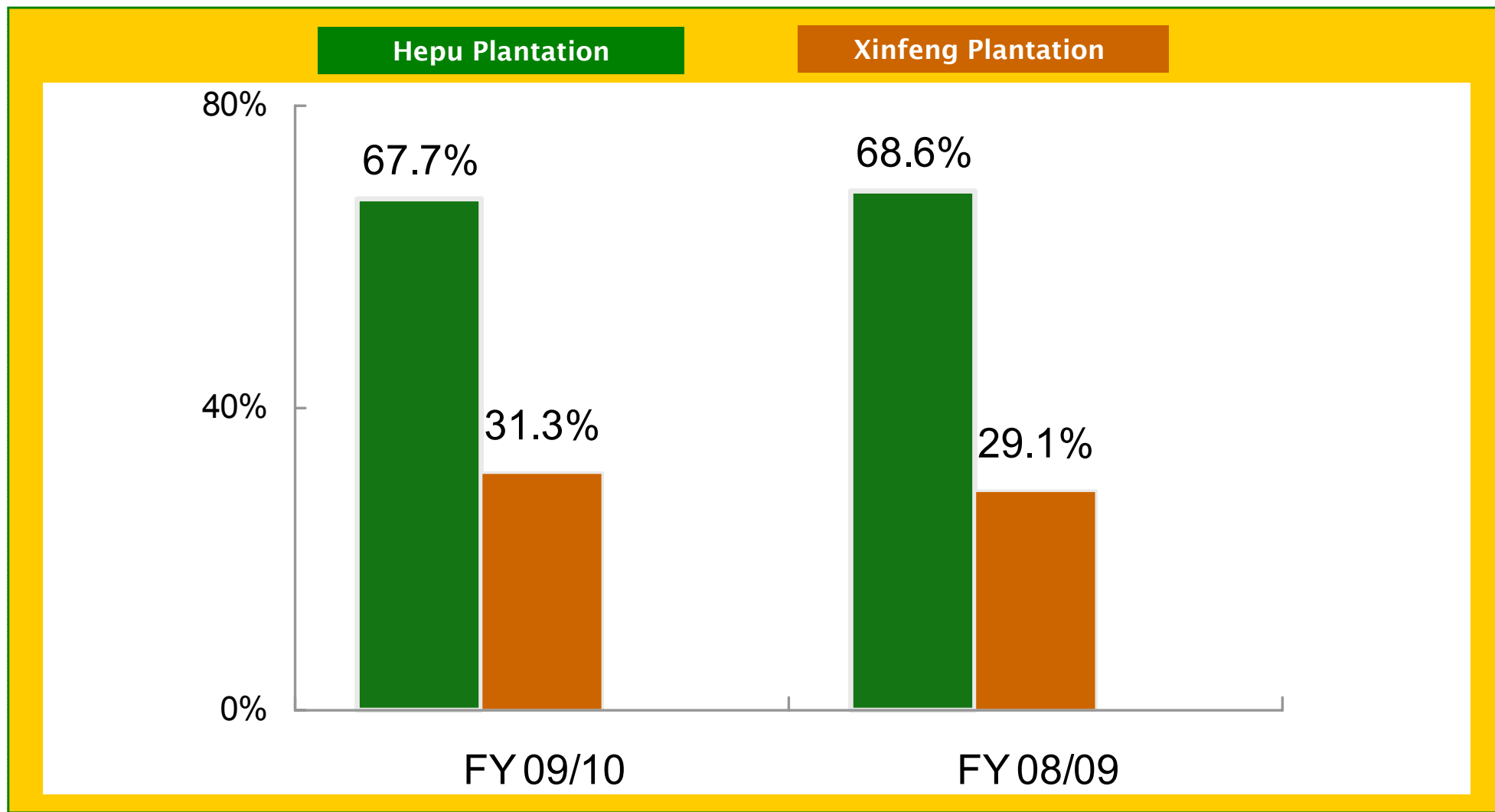


# Ratio Analysis - Annual Results 2009/10

	2009/10	2008/09
Gross Profit Margin (%)	<b>57.6%</b>	61.2%
Return on equity (%)	<b>15.3%</b>	15.1%
	<b>6/2010</b>	<b>6/2009</b>
Current Ratio (x)	<b>21.33</b>	10.92
Quick Ratio (x)	<b>19.21</b>	9.19
Liabilities to Equity Ratio (%)	<b>1.4%</b>	1.8%
Net debt to Equity Ratio	<b>Net cash</b>	Net cash



# Gross Margin of Sales of Oranges by Plantation



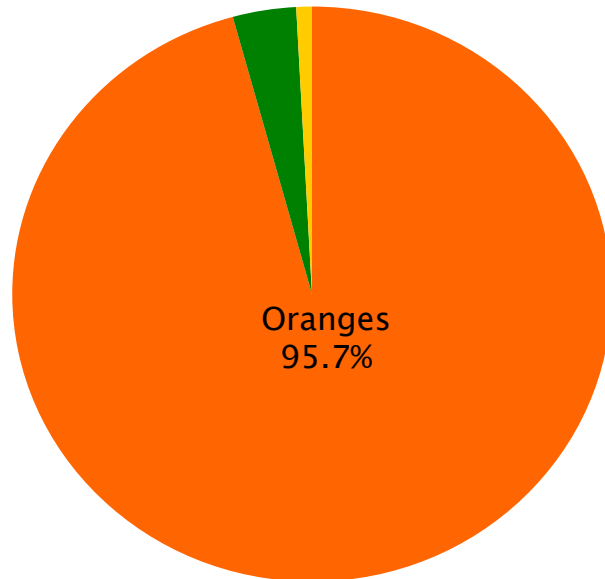
# Financial Overview



# Revenue by Segment

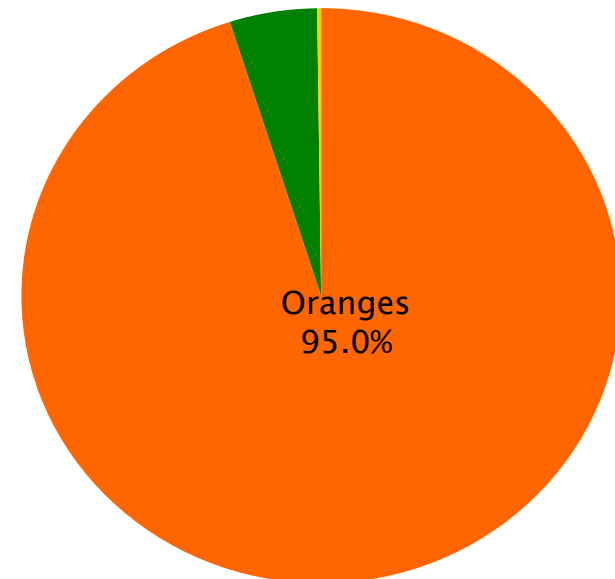
FY 2009/10

Properties 3.4%  
Self-bred saplings 0.9%



FY 2008/09

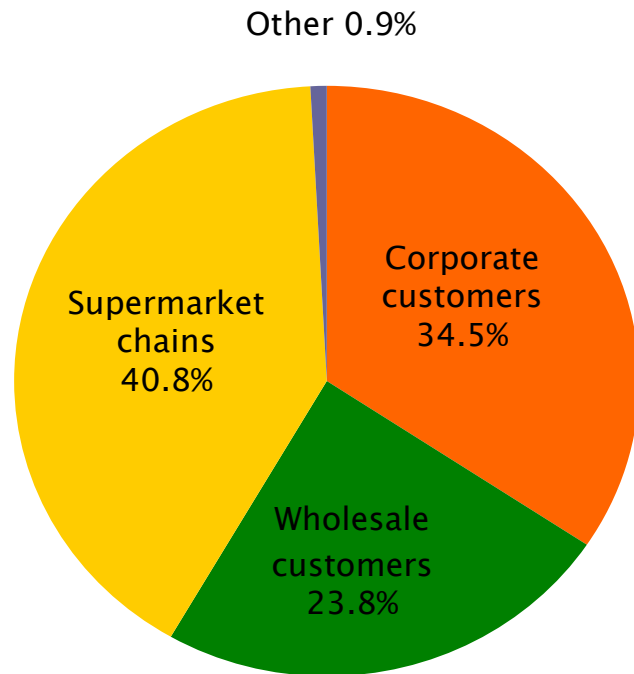
Properties 4.7%  
Self-bred saplings 0.3%



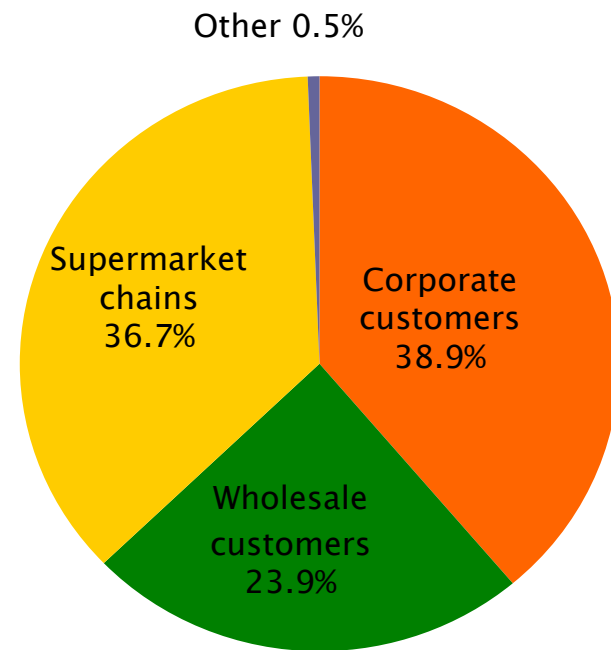
# Revenue by Channel

## Sales of oranges only

FY 09/10

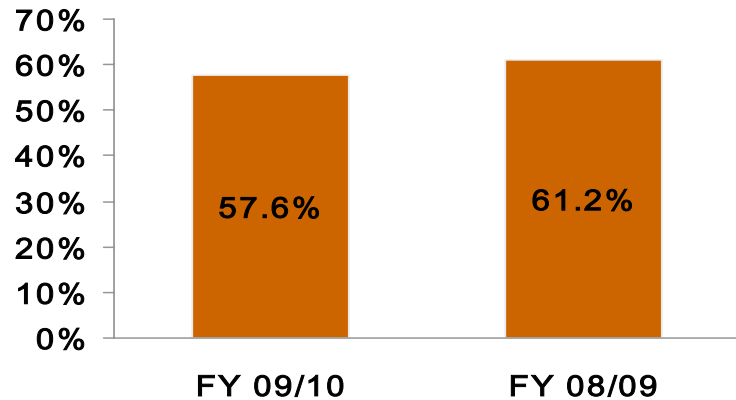


FY 08/09

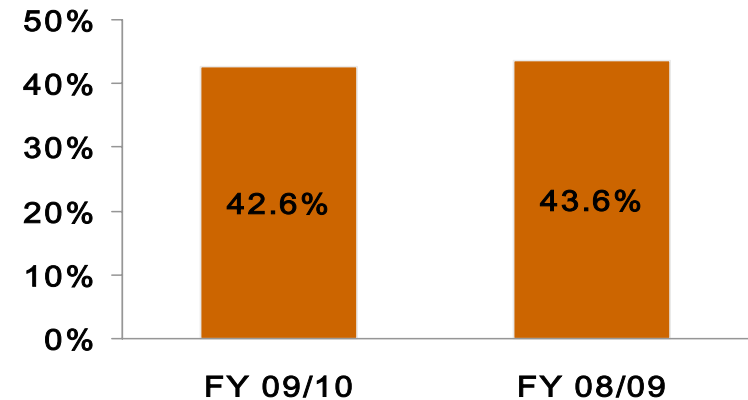


# Profit Margin and ROE

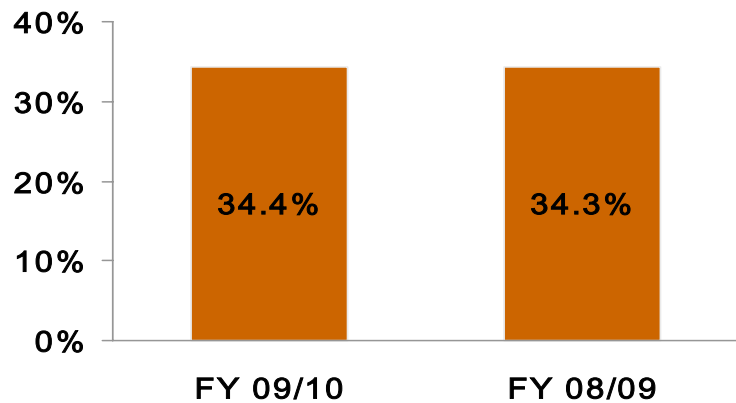
## Gross Margin



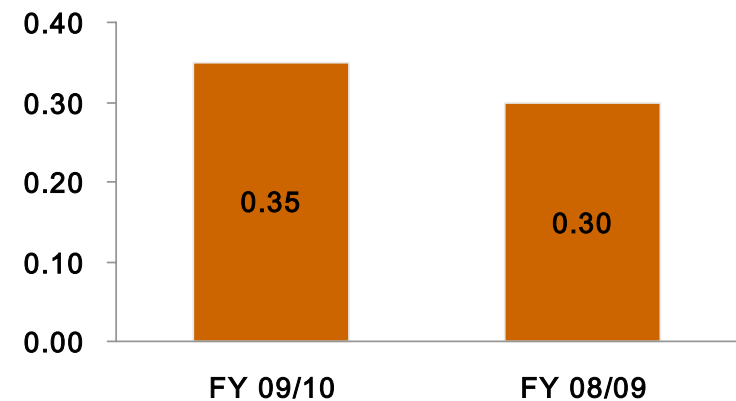
## EBITDA Margin\*



## Net Margin\*



## Basic EPS\* (RMB)

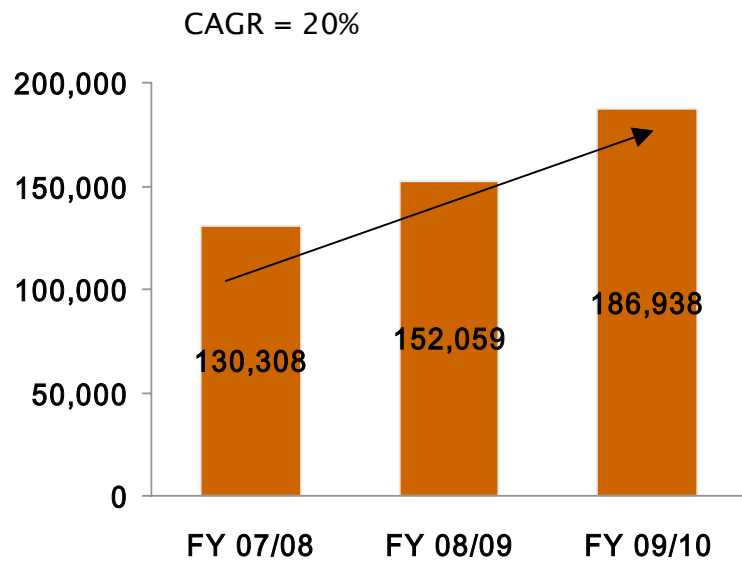


\* Excluding revaluation from biological assets

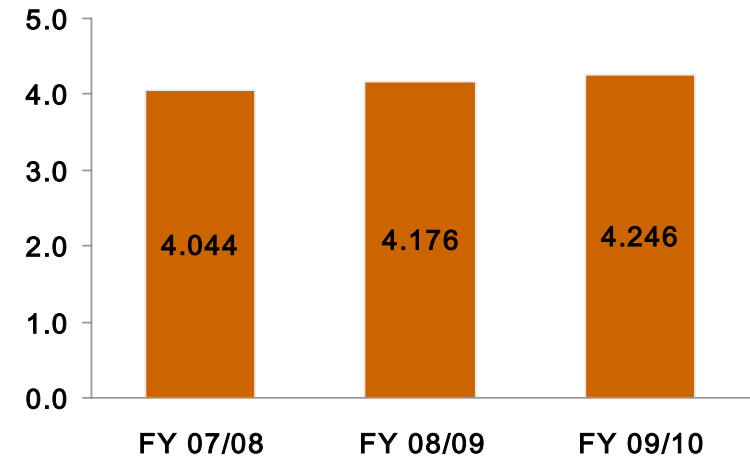


# Production Volume and Average Contract Selling Price

## Production volume of Oranges (Tonnes)

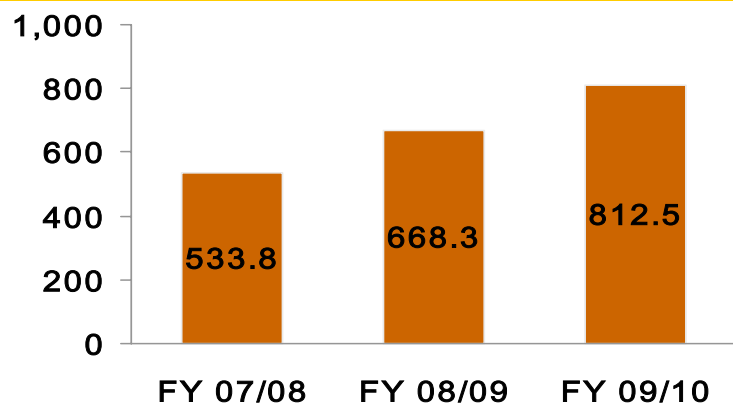


## Average Contract Selling Price RMB per kg for Oranges

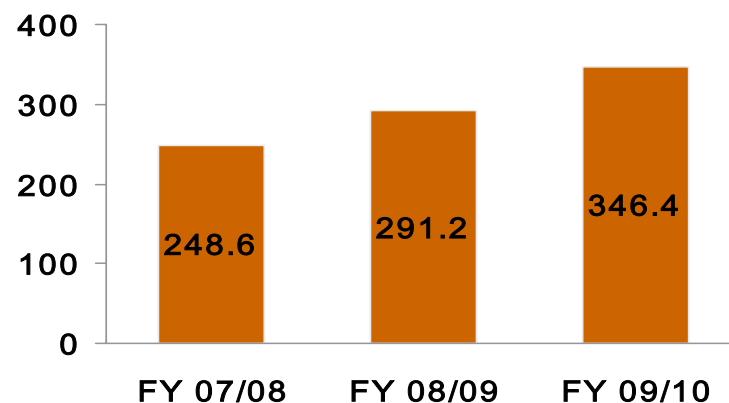


# Revenue and Profit Trend

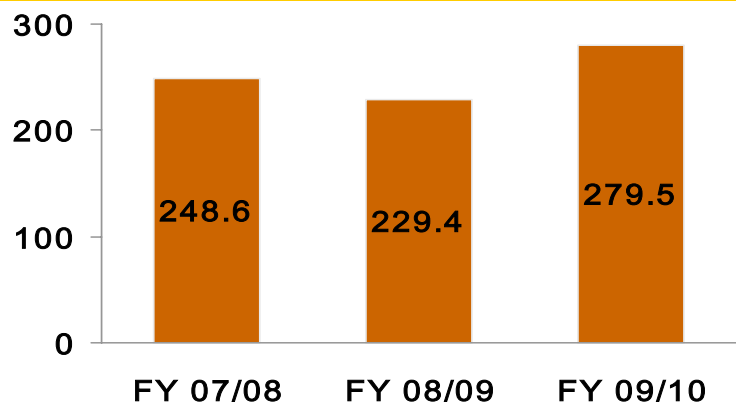
## Revenue (RMB'm)



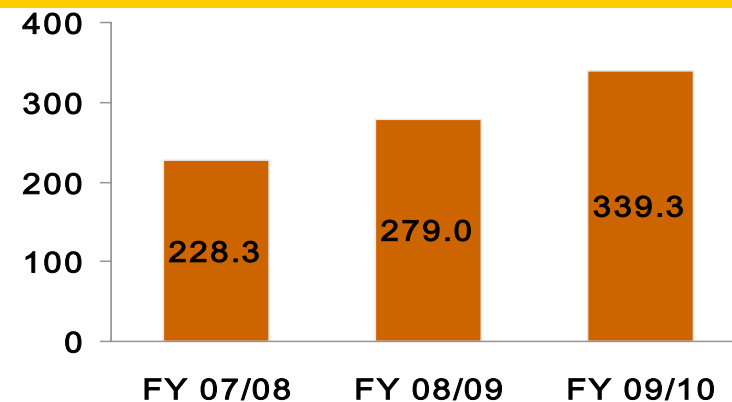
## EBITDA\* (RMB'm)



## Net Attributable to Shareholders\* (RMB'm)



## Net Cash generated from operating activities (RMB'm)



\* Excluding revaluation from biological assets



# Business Overview



# Business Highlights

- Renewed all existing supermarket supply contracts for the year and added several new supermarkets in different areas in China, including Beijing and Shanghai
- Increased the number of supermarket customers from two in 2005 to 20 as of 30 June 2010
- 42.3% increase in sales of oranges to supermarkets to 61,157 tonnes (2008/09: 42,977 tonnes)
- Our brand “Royal Star” obtained the Gold Award at BioFach China 2010
- Sales of approximately 0.7 million self-bred saplings to local farmers during the year with the agreement for first right to purchase
- Listed by way of introduction on the Stock Exchange of Hong Kong Limited on 26 November 2009
- Entered into a non-legally binding memorandum of understanding in relation to the acquisition of a citrus fruit plantation with approximately 1.1 m citrus fruits trees occupied a land area of 10,000 mu in Fuchuan Country of Guangxi
- Entered into a conditional sale and purchase agreement in relation of the acquisition of 92.94% of the equity interest in Beihai Perfuming Juice Company Limited with estimated annual output production capacity of approximately 60,000 tonnes



# Operational Highlights – Annual Results 2009/10

## Hepu Plantation

- Fully developed with approximately 1.3m orange trees, of which 1.1m are fruit-bearing trees
- Production increased by 2.0% to 126,919 tonnes (2008/09: 124,394 tonnes)
- Replanting programme underway with 64,194 winter trees replaced

## Xinfeng Plantation

- Fully planted with 1.6m winter orange trees, of which 1.2m are fruit-bearing trees
- Production increased by 117.0% to 60,019 tonnes (2008/09: 27,665 tonnes)
- Final batch of 400,000 orange trees will start its trial crops in the winter of 2010, thus completing the planting programme



# Operational Highlights – Annual Results 2009/10

## Hunan Plantation

- New nursery completed in December 2009
- RMB101.0m invested which mainly represents expenditure for land clearing, land cultivation and farmland infrastructure
- Adjusted to plant 1.8 million orange trees from 2.4 million to achieve high degree of automation and mechanisation so as to enhance further our farming efficiency, leading to an anticipated improvement in yields, as well as greater return on investment
- First batch of trees will be planted before the end of 2010

## Xinfeng Development (Agricultural wholesale market and processing centre)

- Phase I completed in 2007/08 financial year with approximately 99% of the units sold for a total consideration of RMB90.0m
- Phase II of the development postponed until conditions in the real estate sector are more stable



# Business Outlook



# Business Outlook

- Asian Citrus made very good process in expanding our direct sales to supermarket, raising income from such activities as well as attracting a greater number of new supermarket customers;
- Alongside high production volume from both the Hepu Plantation and Xinfeng Plantation, we aim to increase of production of high quality citrus fruits through possible acquisition and by capitalising on the ongoing sapling programme with local farmers;
- In addition to the fresh fruits market, we are very confident that fruit juice consumption will continue to grow in China; hence, the potential acquisition of Beihai BPG will provide us with the techniques, processing capacity and distribution network to more effectively and efficiently expand into the concentrated juice market in the PRC.



# Beihai Perfuming Garden Juice Company Limited

## – Summary of transaction

- We entered into a conditional sale and purchase agreement on 11 October 2010 in relation to acquisition of 92.94% equity interest in Beihai Perfuming Graden Juice Company Limited.
- The consideration of the proposed acquisition is HK\$2.04 billion which will be paid (1) as to HK\$780 million in cash by way of executing Deeds of Payment Undertaking and (2) the balance by way of allotment and issue of consideration shares at HK\$7.68 each.
- As the proposed acquisition will constitute a major acquisition under the Hong Kong Listing Rules, we will convene a special general meeting in late November 2010 for the purpose of obtaining shareholders' approval for the proposal acquisition.



# Beihai Perfuming Garden Juice Company Limited

## - Financial information

	For the year ended 31 December 2008 (RMB million)	For the year ended 31 December 2009 (RMB million)	For the six months ended 30 June 2010 (RMB million)
Revenue	377	467	267
Profit before income tax	142	173	109
Profit after income tax	141	173	109

Based on the unaudited management accounts



# Beihai Perfuming Garden Juice Company Limited – Shareholding structure after acquisition

	Before acquisition No of shares (million)	%	After acquisition No of shares (million)	%
Tong's family	271.2	31.5%	271.2	26.4%
Chaoda Modern Agriculture (Holdings) Limited	163.0	18.9%	163.0	15.9%
Public	427.1	49.6%	427.1	41.7%
BPG shareholders	0.0	0.0%	164.2	16.0%
<b>Total</b>	<b>861.3</b>		<b>1,025.5</b>	



# Beihai Perfuming Garden Juice Company Limited

## - EPS analysis

	Asian Citrus	BPG	Enlarged Group
Profit for FY2010	585.5	119.3	704.8
Weighted average no of shares	796.3	95.8	892.1
EPS for FY2010	0.74		0.79

■ EPS Growth of 7.5%

### Assumptions:

- The acquisition will be completed in November 2010
- The profit from BPG is calculated by reference to the seven-months contribution of the guarantee profit for the year ending 31 December 2010 to the Enlarged Group (i.e.  $220 * 92.94\% * 7 / 12$ )



# Vertical Integration to Further Tape into Consumer Sector



# About BPG

## Largest Supplier of Tropical Fruit Juice Concentrates in the PRC

- Processes over ten different varieties of tropical fruits, including pineapples, passion fruit, lychees, mangoes and papayas
- Largest producer of pineapple juice concentrate and lychee juice concentrate between 2007 to 2009
- Annual output production capacity of over 60,000 tonnes



# A Large and Fast Growing Juice Concentrate Market in the PRC

## China is one of the major fruit juice concentrates production country in the world

- Lychee juice concentrates – No.1 producer and exporter
- Pineapple juice concentrates – No.6
- Passion fruit juice concentrates – No. 9

## Untapped market

- Consumption of fruit juice beverages per capita is less than 1L in China, only 1/10 of the world's average level

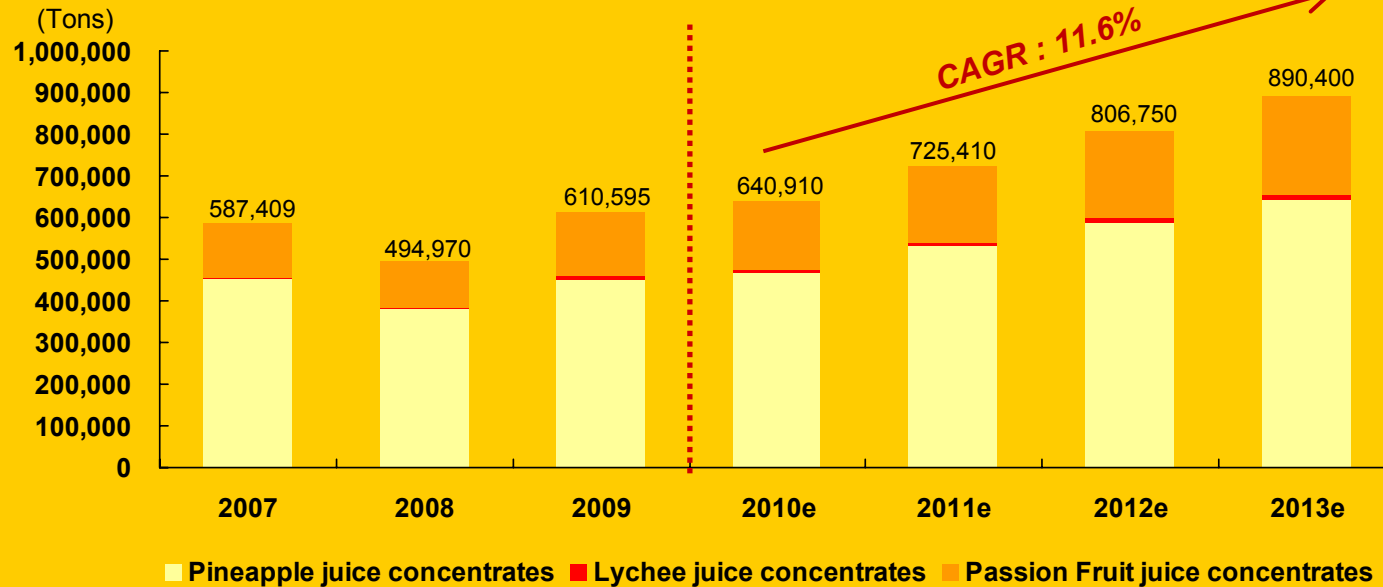
## Future growth driver for the juice concentrate market

- Continuous improvement of Chinese people's living standard and health awareness
- Chinese Government implements supportive policies
  - The "No.1 Central Document"
  - Tax exemptions, grants and subsidies towards agricultural products



# A Large and Fast Growing Juice Concentrate Market globally

Demand of juice concentrates globally



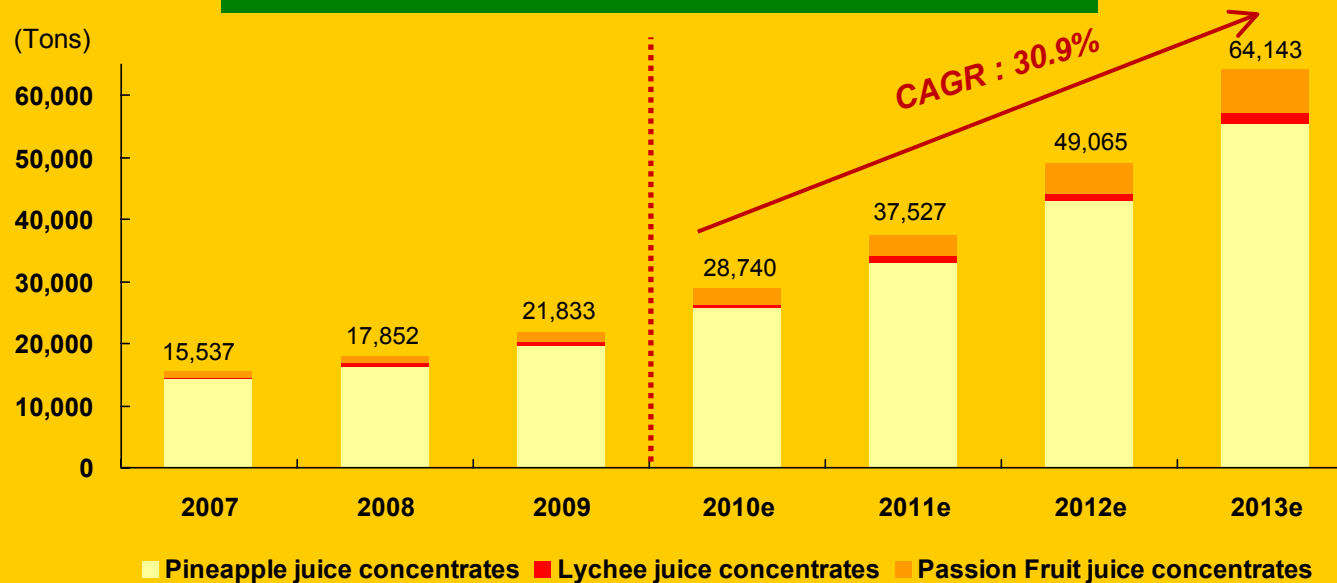
Global demand	Global demand Volume (tons)								CAGR	
	2007	2008	2009	2010e	2011e	2012e	2013e	2007-2009	2009-2013	
Juice concentrates										
<b>Total</b>	<b>587,409</b>	<b>494,970</b>	<b>610,595</b>	<b>640,910</b>	<b>725,410</b>	<b>806,750</b>	<b>890,400</b>	<b>2.0%</b>	<b>9.9%</b>	
Pineapple juice concentrates	451,089	380,000	452,300	467,900	530,600	588,500	645,280	0.1%	9.3%	
Lychee juice concentrates	6,320	4,970	8,295	9,210	10,310	11,450	12,620	14.6%	11.1%	
Passion Fruit juice concentrates	130,000	110,000	150,000	163,800	184,500	206,800	232,500	7.4%	11.6%	

Source: Euromonitor



# A Large and Fast Growing Juice Concentrate Market in the PRC

Demand of juice concentrates in the PRC

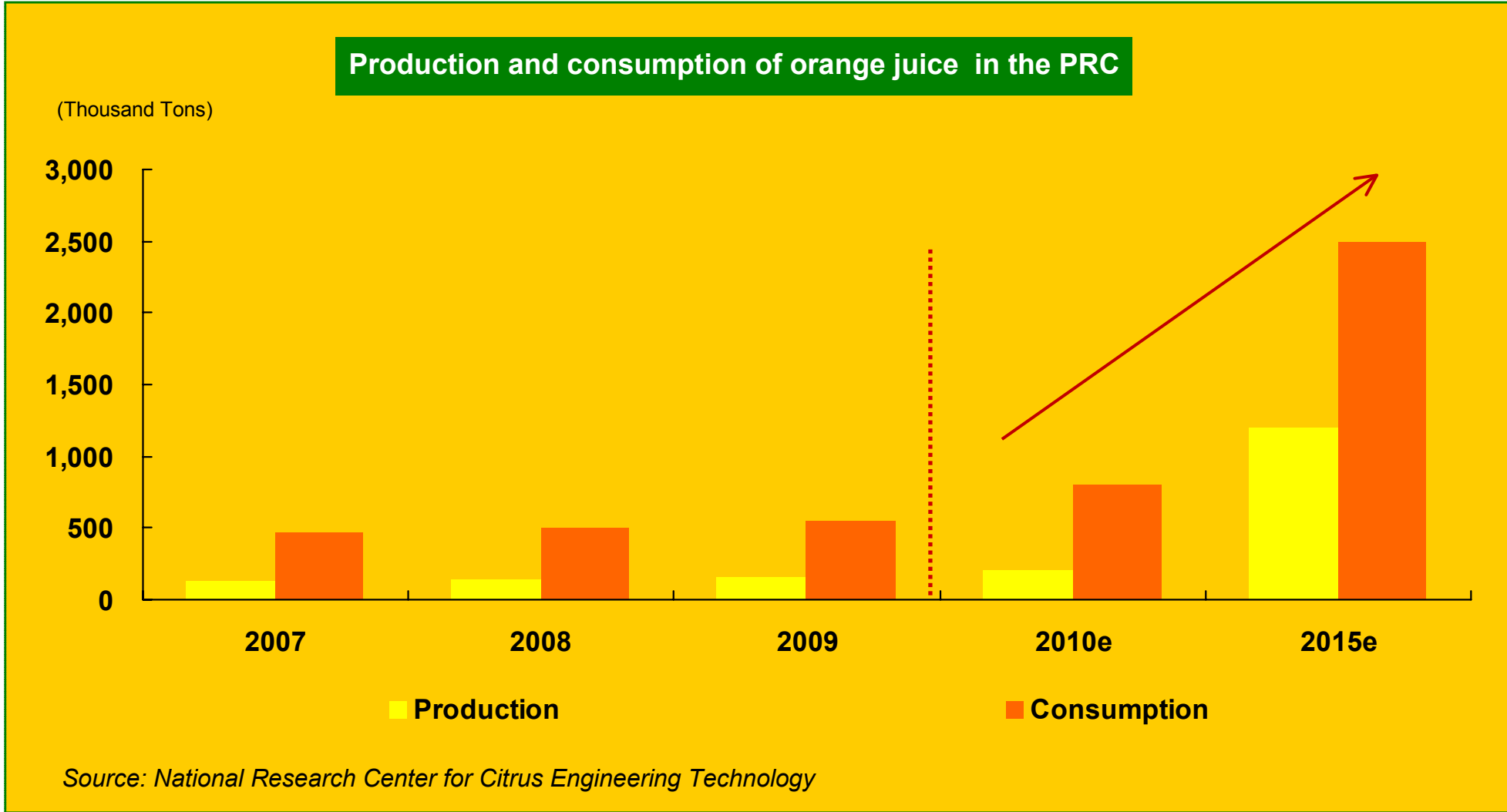


China demand	China demand Volume (tons)							CAGR	
	2007	2008	2009	2010e	2011e	2012e	2013e	2007-2009	2009-2013
Juice concentrates									
<b>Total</b>	<b>15,537</b>	<b>17,852</b>	<b>21,833</b>	<b>28,740</b>	<b>37,527</b>	<b>49,065</b>	<b>64,143</b>	<b>18.5%</b>	<b>30.9%</b>
Pineapple juice concentrates	14,380	16,380	19,650	25,650	33,150	42,850	55,370	16.9%	29.6%
Lychee juice concentrates	307	397	553	740	987	1,325	1,783	34.2%	34.0%
Passion Fruit juice concentrates	850	1,075	1,630	2,350	3,390	4,890	6,990	38.5%	43.9%

Source: Euromonitor



# Under supply of Orange Juice in the PRC



# Major Customers & Suppliers

## Major Customers

- China's demand for tropical fruit juice concentrates mainly comes from fruit juice beverage processing industry

## Major Suppliers

Company name
Beijing Huiyuan Beverage and Food Group Co., Ltd.
Coca-Cola (Shanghai) Beverages Ltd.
PepsiCo (China) Investment Co., Ltd.
Nongfu Spring Co., Ltd.
Hangzhou Wahaha Group Co., Ltd.
Beijing Shun Xin Together Fruit and Vegetable Drinks, Inc.
Uni-President Enterprises (China) Investment Co., Ltd.
Tingyi (Cayman Islands) Holding Corp.
Danone Beverages
Sanmenxia Hubin Fruit Juice Beverage Co., Ltd.

Company name
Beihai BPG Food Co., Ltd.
Xuwen Tongda Juice Co., Ltd.
Beiliu Siweite Tropical Fruit Juice Co., Ltd.
Beihai Baiguoyuan Juice & Food Co., Ltd.
Xiamen Dachuan Technology Co., Ltd.
Zhangzhou belle Juice Co., Ltd.
Gaozhou Yuanfeng Food Co., Ltd.
Hainan Pastoral Tropical Fruit and Vegetable Processing Co., Ltd.
Hepu Xiangxing Agricultural products Co., Ltd.



# Q & A



# Thank You

