



**ASIAN CITRUS HOLDINGS LIMITED**

## **Corporate Presentation**



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# Contents

- Company Overview
- Industry Overview
- Investment Highlights
- Financial Summary
- Future Growth Strategies
- Appendix



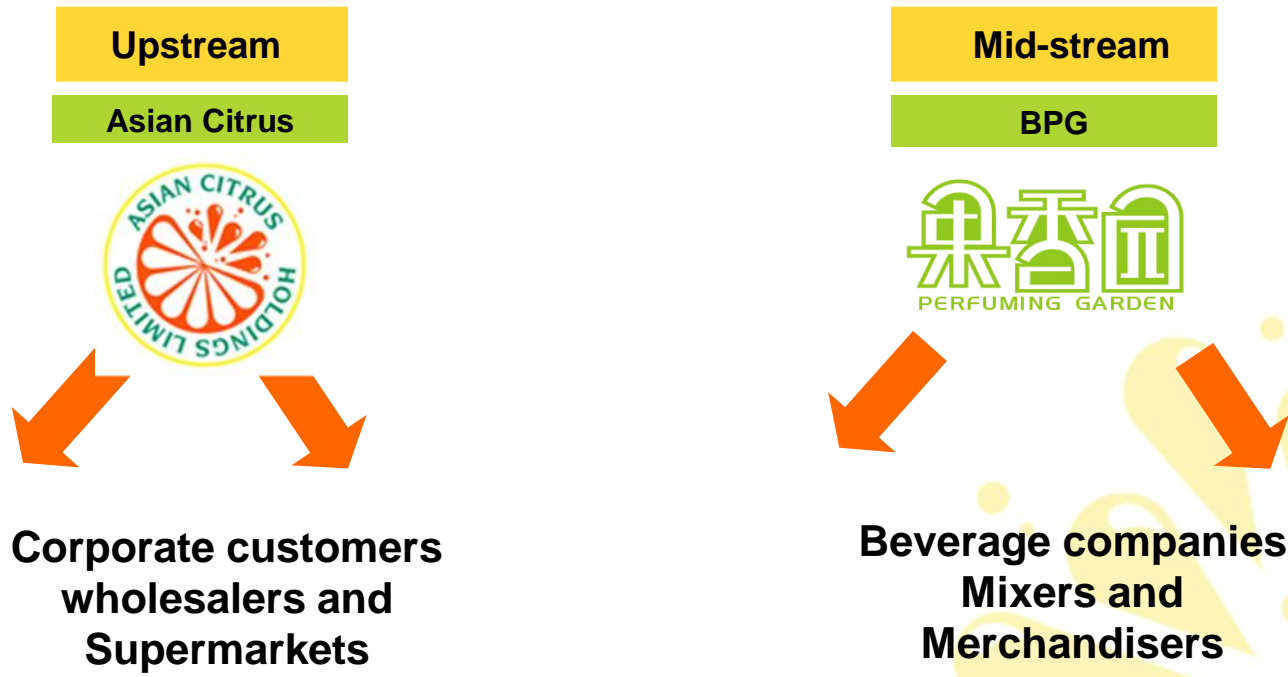


# Company Overview

# About Asian Citrus



***Largest Integrated Orange Producer &  
Tropical Fruit Juice Concentrates Supplier in the PRC***



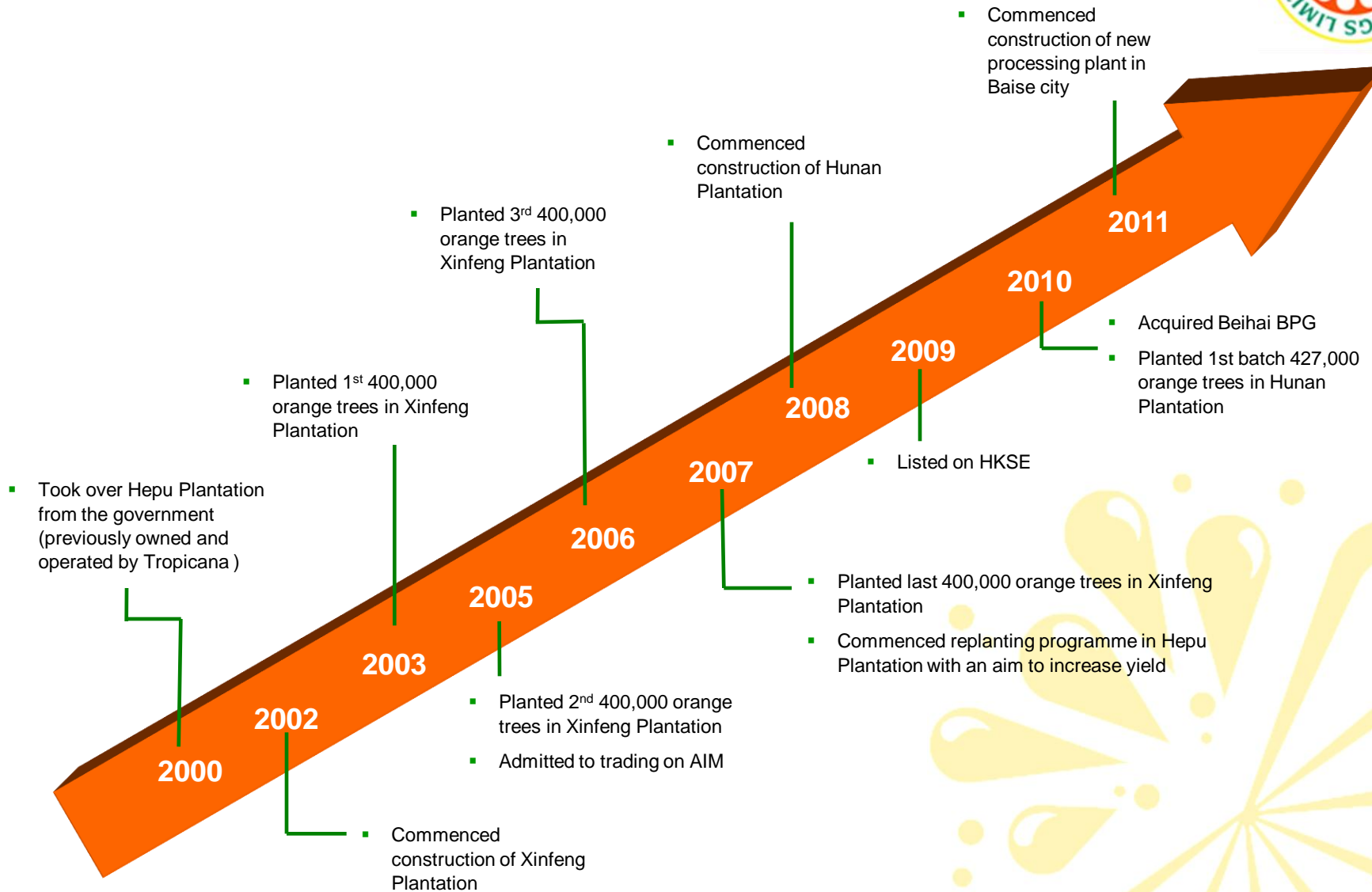
# Single Largest Orange Producer, Plantation Owner and Tropical Fruit Juice Producer



- Sales of oranges mainly to corporate customers, wholesalers and supermarkets in the PRC
- Existing sales networks cover Beijing, Shanghai, Shenzhen, Tianjin, Guangdong province, Guangxi Zhuang Autonomous Region, Guizhou province, Henan province, Hubei province, Hunan province, Jiangsu province, Zhejiang province and others
- High quality organic oranges – species mostly originated from the US
- Premium brand “Royal Star 新雅奇” accredited with Organic Products by COFCC
- Largest producer in pineapple juice concentrates (65% of sale volume), lychee juice concentrates (85% of sale volume) and passion fruit juice concentrates (39% of sale volume)
- Well established customer base - reputable international beverage brands



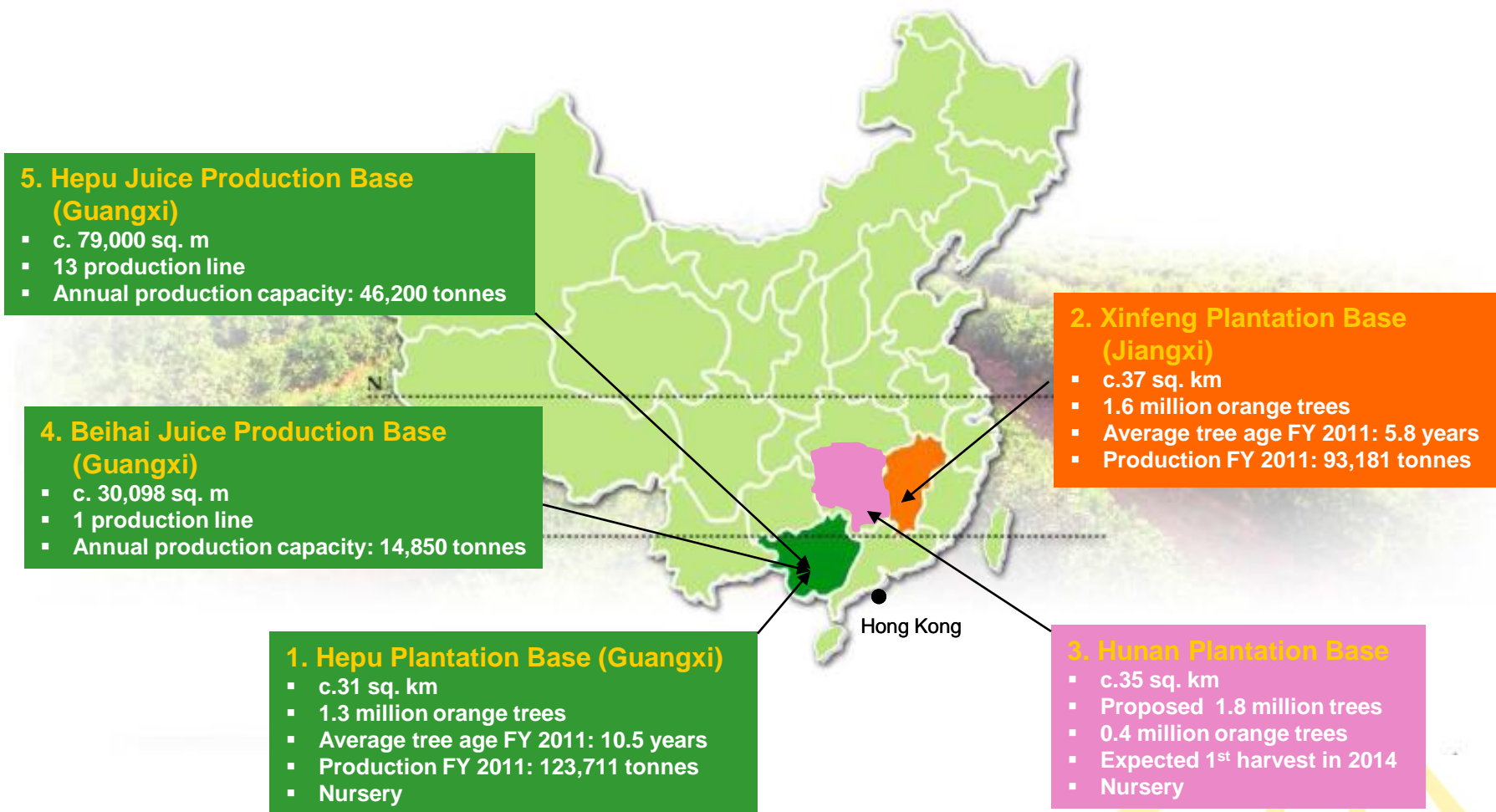
# Corporate History





# Plantations & Production Bases

- Three plantations occupying a total area of c.103 sq.km. with a total of c.3.3 million trees planted
- Two juice production bases have a aggregate site area of c.109,000 sq.m with a total production capacity of approximately 60,000 tonnes

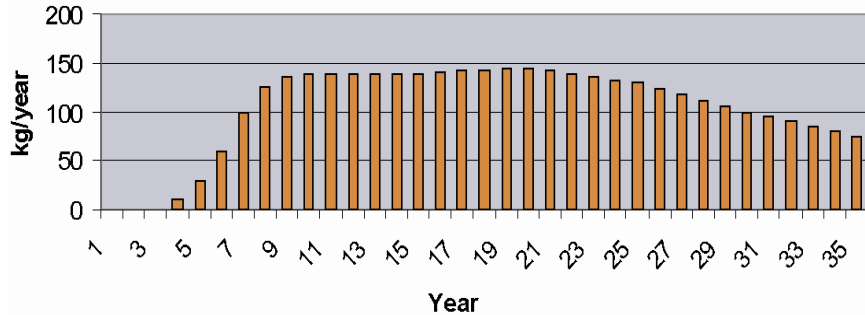


# Increasing yields



## Orange tree yields and maturity profile

- Average production life of an orange tree commences after 4 years and lasts for over 30 years



Source: "Citrology" by China Agricultural press (1996)

- Inherent benefit from maturing plantations
- Orange output grows until reaching full maturity at around 10 years

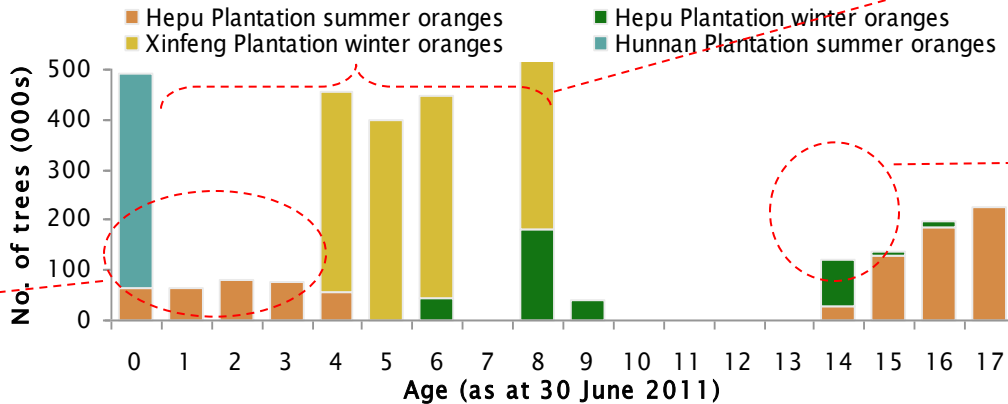
## Age of trees in the Group's plantations

### Average tree age:

Hepu – 10.5 years

Xinfeng – 5.8 years

More trees will reach orange bearing age in the near future



Over 50% of trees aged ten years or less

Selective replanting program aims to increase yield

High growth potential contributed by large number of trees in early orange bearing age as well as increasing number of trees start to bearing oranges

# Seasonal Production of High-quality Oranges

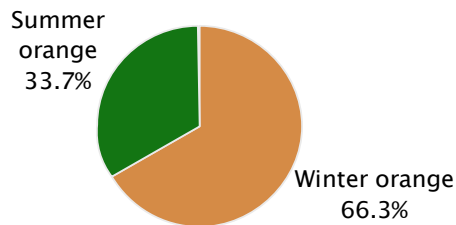


## Summer oranges March to May

## Winter oranges October to December



### Orange production (FY2011)



- Ecological environment, climate and soil conditions determine type of orange trees planted:
  - Xinfeng Plantation - winter oranges
  - Hepu Plantation – summer and winter oranges
  - Hunan Plantation – summer oranges with extended harvesting season

### Pricing

- Price determined through tender process
- Positive wholesaling pricing environment
- Up to 40% premium achieved for supermarket sales over wholesalers and corporate customers
- Prices dependent on availability and quality
- Continuous increase in selling price
  - Approximately 10.0% increase in average selling prices of different oranges in different plantation for the year ended 30 Jun 2011
  - Increased orange demand in PRC
  - Obtained “**Organic Products**” accreditation – able to achieve **price premium**



# State-of-the-art Production Facilities

- Production capacity and utilisation
  - 2 production bases in Beihai and Hepu have a aggregate site area of approx. 109,000 sq.m.
  - Annualised production capacity over 60,000 tonnes
  - Beihai and Hepu factory have high utilisation rate of 92.7% and 90.4%









Factory	Site Area	Number of production lines	Designed annual production capacity	2011/06 Utilisation rate
Beihai	30,098	1 for frozen fruit and vegetable	14,850	92.7%
Hepu	79,000	11 for fruit juice concentrates and puree 1 for dried fruits 1 for beverages	46,200	90.4%

# Diversified Product Mix Reducing Effects of Seasonality and Broaden Revenue Base



- 22 varieties of fruit juice concentrates
- 8 varieties of frozen fruits & vegetables
- 5 varieties of fruit purees

		Maturity Date for Main Tropical and Subtropical Fruits											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Pineapple		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Passion Fruit		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Papaya		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Guava					✓	✓	✓	✓	✓	✓	✓	✓	✓
Mango					✓	✓	✓	✓	✓				
Lychee						✓	✓	✓	✓				



# Industry Overview

# Growth Potential of the PRC Orange Market



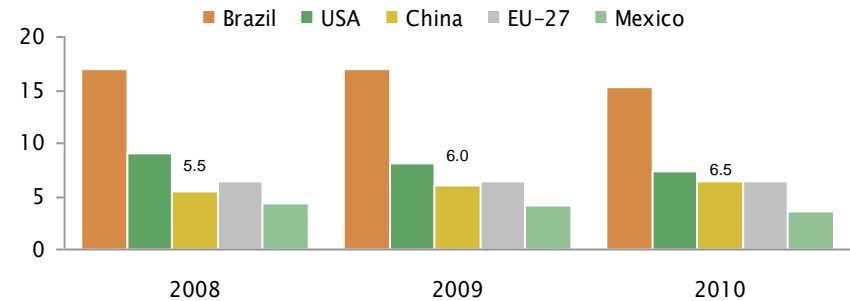
## Characteristics of the PRC orange market

- Rapid growth compared with other global producers, particularly since 1980s
- Increasing domestic consumption
- Low cost agricultural labour
- Fragmented and generally small scale plantations
- Limited supply of high quality domestic oranges
- Competitive advantage over importers due to lower production costs, and no VAT and import tariffs

## High growth potential driven by:

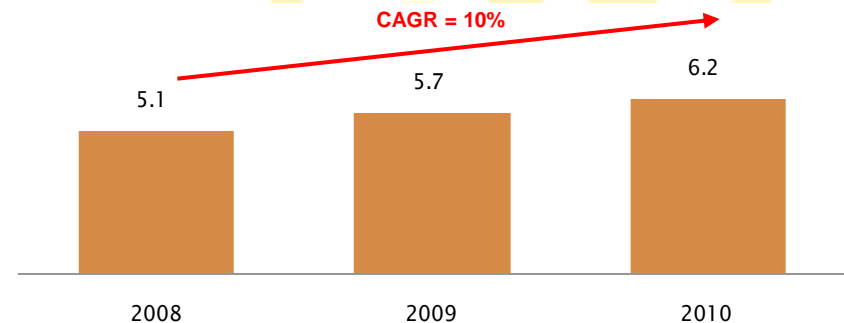
- Increase in urban population and disposable income
- Growing health concerns and change consumer behavior
- Continuing penetration of organised distribution, i.e. supermarkets

## Global production of oranges (m tonnes)



Source: USDA estimates (2010)

## Total orange consumption in PRC (m tonnes)

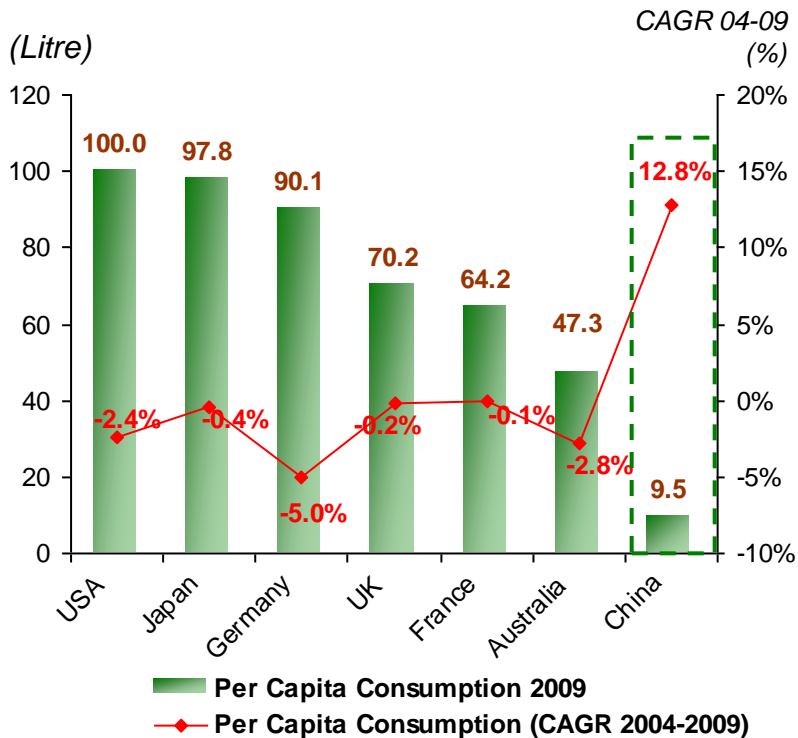


Source: USDA estimates (2010)

# Large Untapped Juice Market Fuel Juice Consumption in China



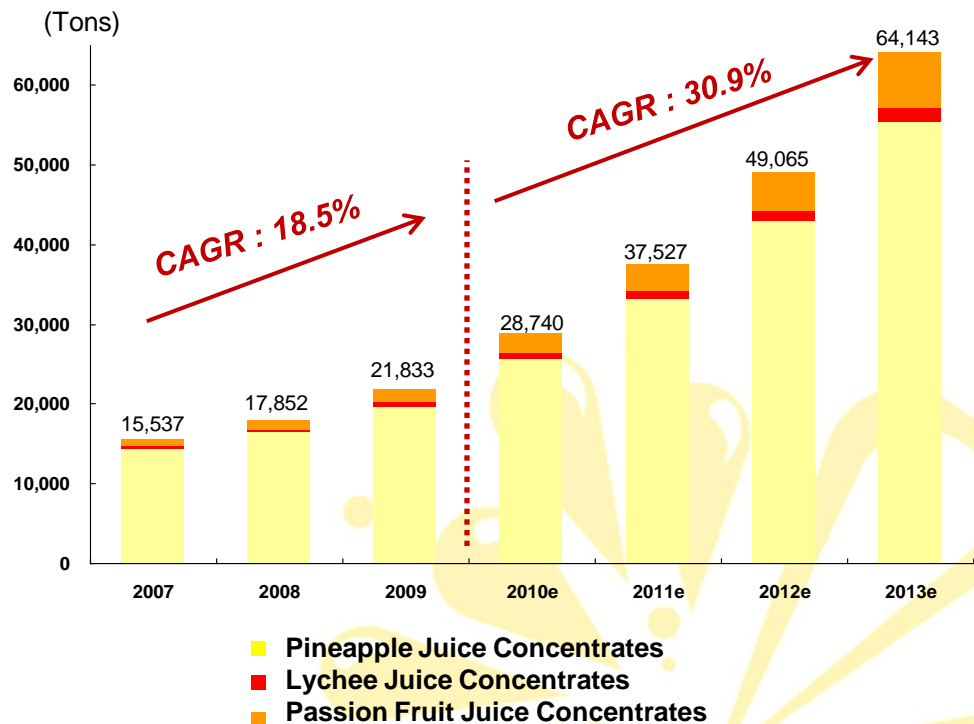
## Large untapped juice market in China



PRC's per capita consumption and consumption growth of fruit and vegetable juices

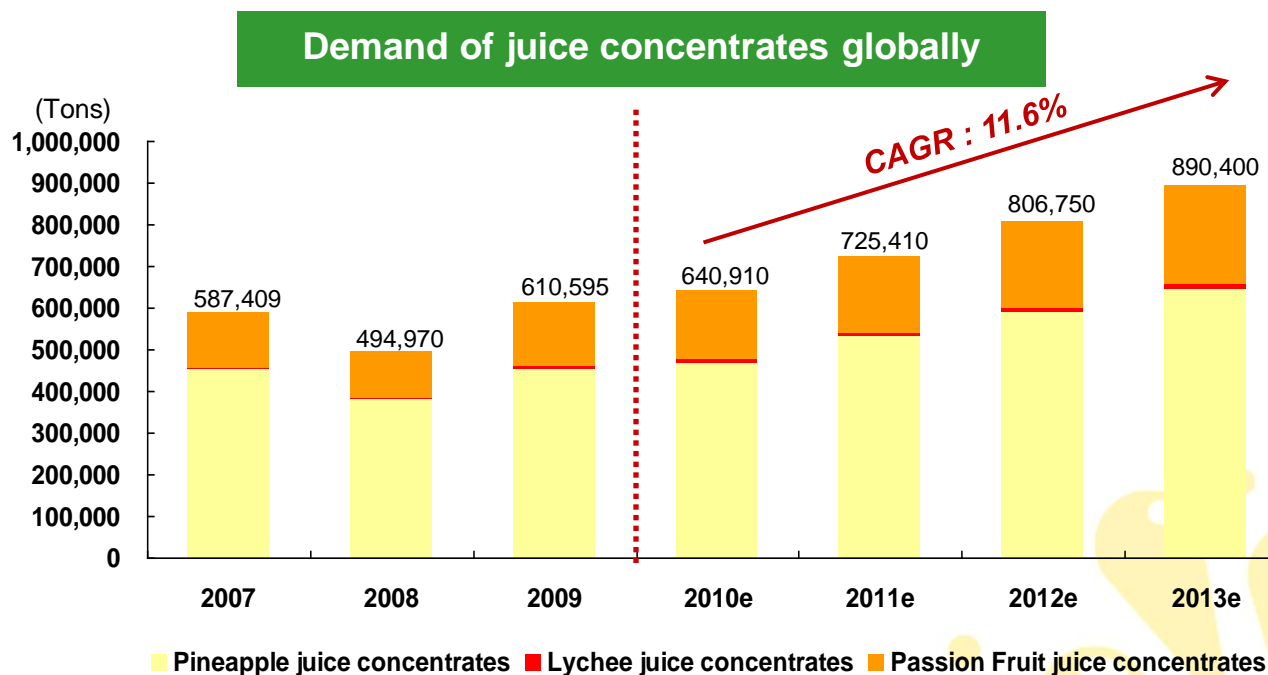
Source: Euromonitor

## Demand of juice concentrates in the PRC





# A Large and Fast Growing Juice Concentrate Market Globally



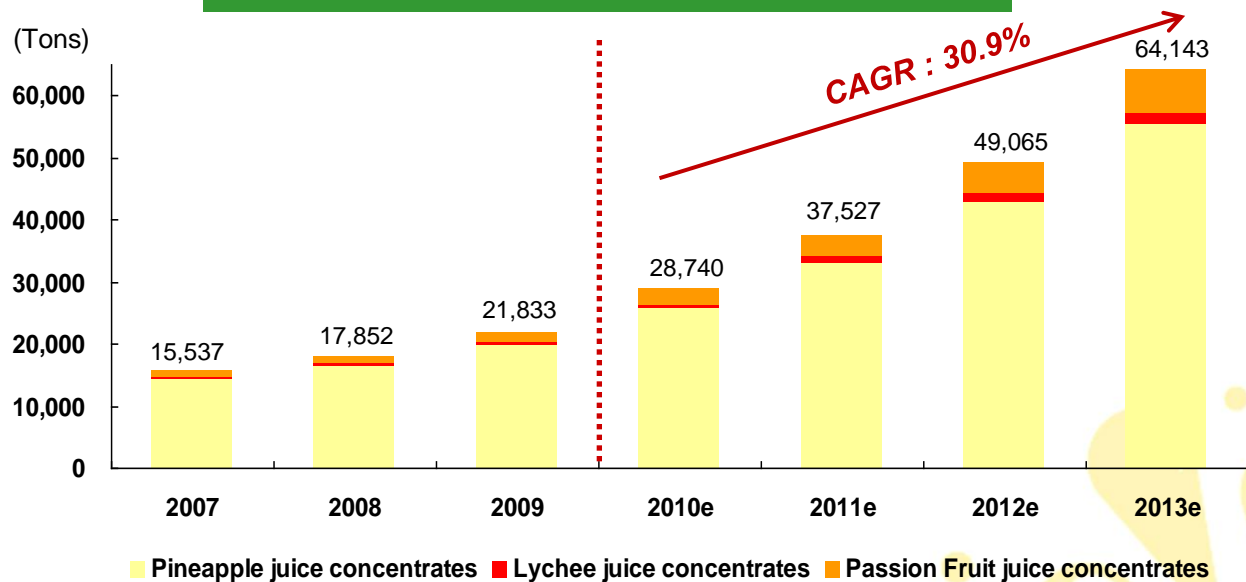
Global demand	Global demand Volume (tons)							CAGR	
	2007	2008	2009	2010e	2011e	2012e	2013e	2007-2009	2009-2013
<b>Juice concentrates</b>									
<b>Total</b>	587,409	494,970	610,595	640,910	725,410	806,750	890,400	2.0%	9.9%
Pineapple juice concentrates	451,089	380,000	452,300	467,900	530,600	588,500	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**



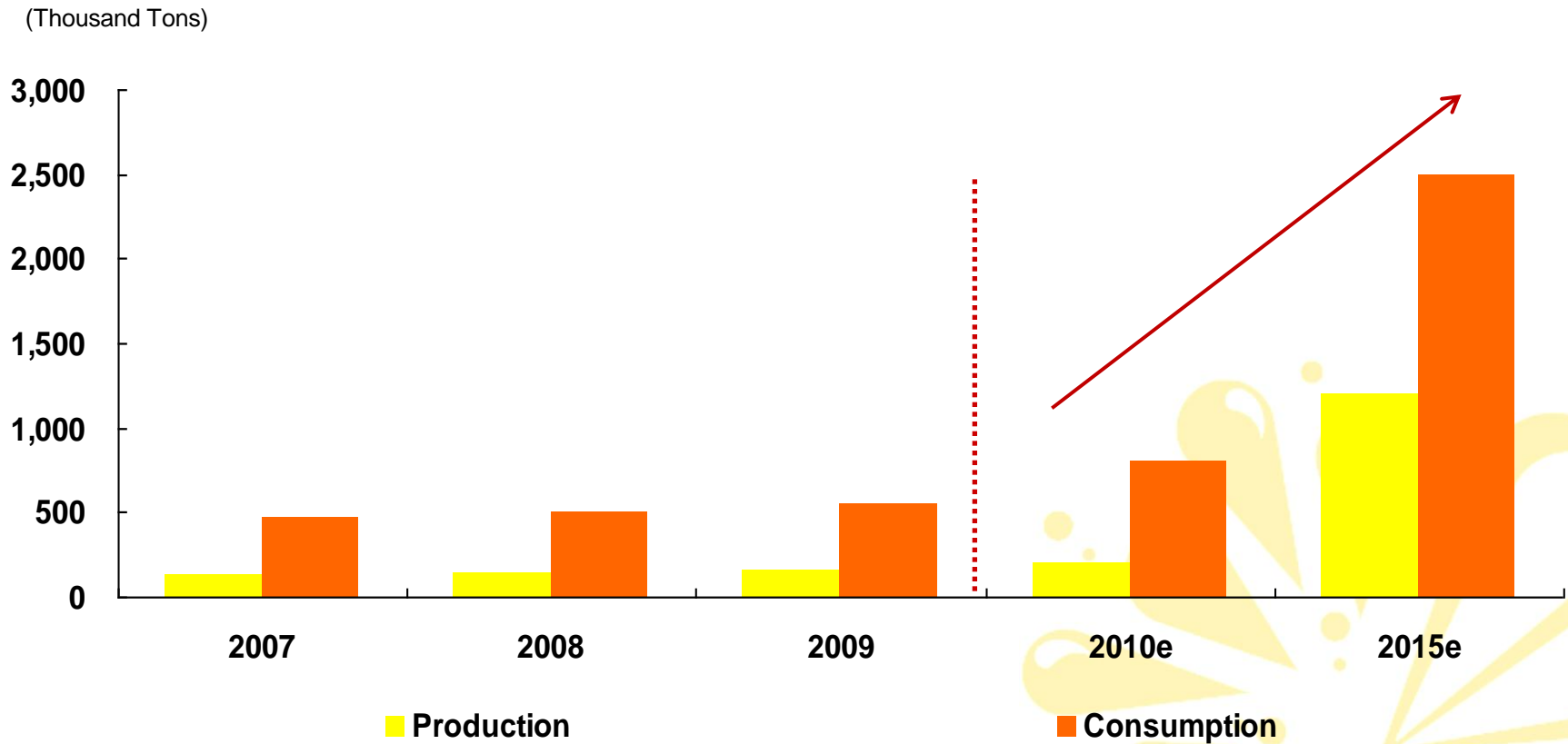
China demand	China demand Volume (tons)							CAGR	
	2007	2008	2009	2010e	2011e	2012e	2013e	2007-2009	2009-2013
<b>Juice concentrates</b>									
<b>Total</b>	15,537	17,852	21,833	28,740	37,527	49,065	64,143	18.5%	30.9%
Pineapple juice concentrates	14,380	16,380	19,650	25,650	33,150	42,850	55,370	16.9%	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



## Production and consumption of orange juice in the PRC



Source: National Research Center for Citrus Engineering Technology



# Investment Highlights

# Investment Highlights



## 1. High quality of products

- Mainly US species
- Strict quality control measures for both fresh fruits and juicing products
- Favourable farming conditions

## 2. Strong research and development capacity

- In-house research and development team for both upstream and midstream businesses
- Proved track record of successfully developed species for better yields and quality

## 3. High barriers to entry

- Significant capital requirements
- Long time to plantation maturity
- Complicated and lengthy land lease procedures
- Rare availability of large piece of land
- High technical know-how for the juice concentrated business

## 4. Experienced management teams

- Valuable experience in international agricultural companies
- Committed and competent management team in both upstream and midstream businesses

## 5. Proved track record and Good corporate governance

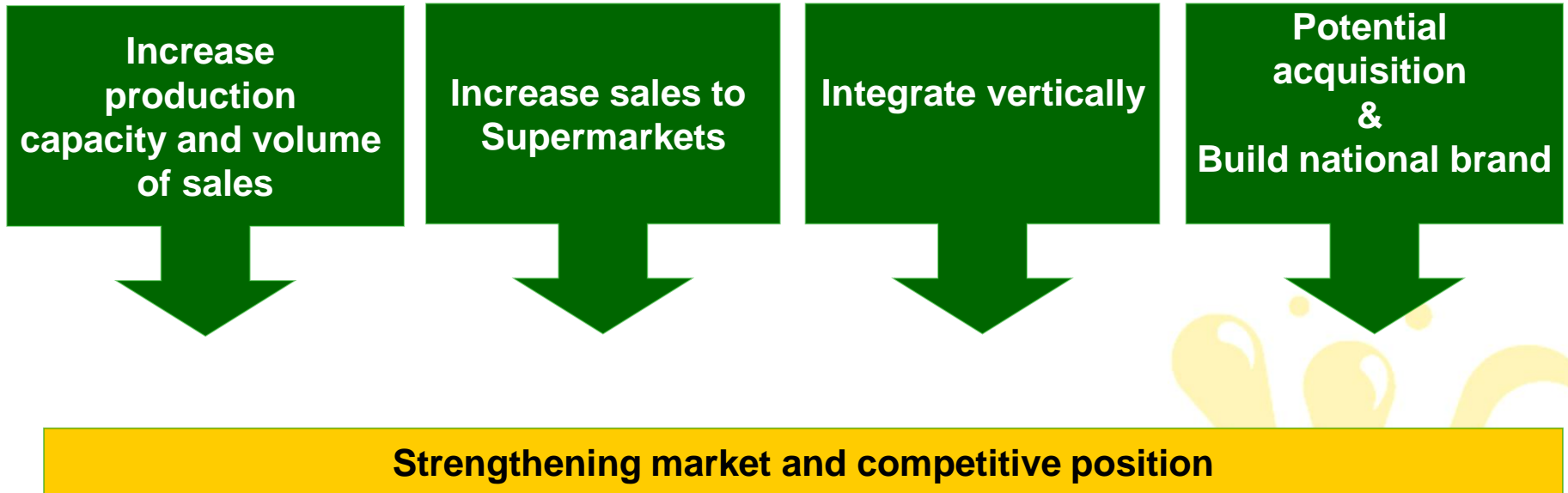
- Annual independent valuation on plantations since 2003
- Consistent dividend policy after AIM listing since 2005
- Over 1/3 board members are well qualified and competent independent non-executive directors





# **Future Growth Strategies**

# Future Growth Strategy



# Future Growth Strategy (Cont'd)



## Increase production capacity and volume of sales

- Increase production capacity
  - Xinfeng Plantation
    - ✓ Increasing maturity → increase volume
  - Hunan Plantation
    - ✓ First commercial harvest in 2014
    - ✓ Anticipated development cost of approximately RMB580 million
  - Development of new species with higher yield
  - Replanting program
- Source oranges from third parties
  - Provides low capital intensive growth

## Increase sales to supermarkets

- Further increase sales to supermarkets for higher profitability
  - currently sell to 20 supermarket chains and in discussion with others
  - Start with small to medium sized supermarket chains
  - Focus on coastal area with higher disposable income
  - Enhancing refrigeration and processing facilities

# Future Growth Strategy (Cont'd)



## Integrate vertically

- Further develop nursery center
  - Saplings for internal use and external sales
  - production capacity > 3m self-bred saplings every 12-18 months
  - First right to purchase oranges produced from saplings
- Juicing
  - Riding on the high demand and growth potential in the PRC
  - Enhance production facilities to increase production volume from 60,000 tonnes to 100,000 tonnes by 2012
  - Expand product range to oranges juice to further solidify market leadership

## Potential acquisition & Build national brand

- Potential acquisition in PRC
  - Upstream acquisition of plantation assets
  - Citrus focus
  - Diversification of product portfolio
- Further develop “Royal Star 新雅奇”
  - Stronger position to compete against importers
  - Drives demand
  - Supports increased pricing



# Financial Summary

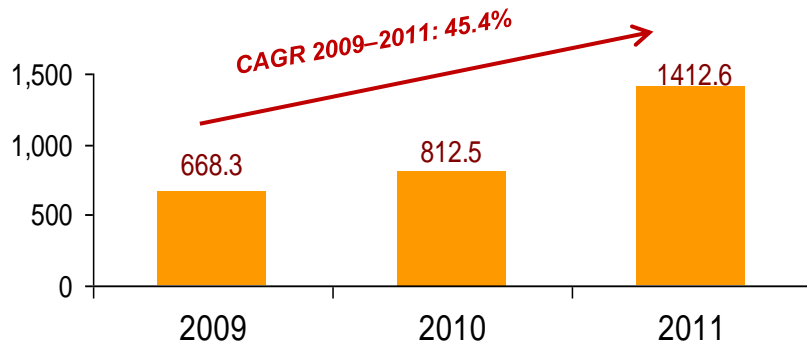
# Financial & Margin Position



## Turnover and Gross Margin

Year ended 30 Jun

(RMB million)

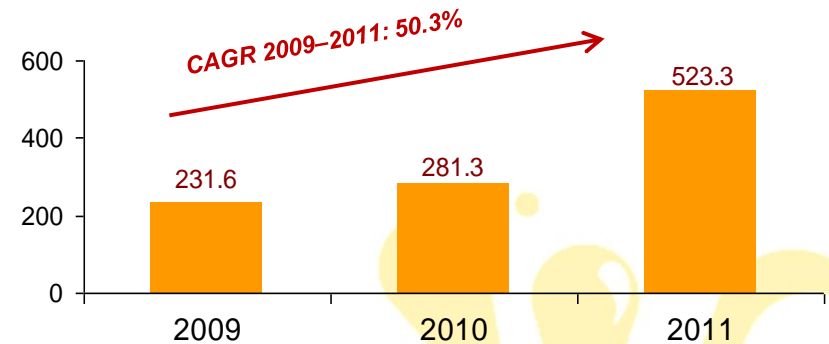


Gross Margin	2009	2010	2011
	61.2%	57.6%	52.3%

## Profit before tax \*

Year ended 30 Jun

(RMB million)



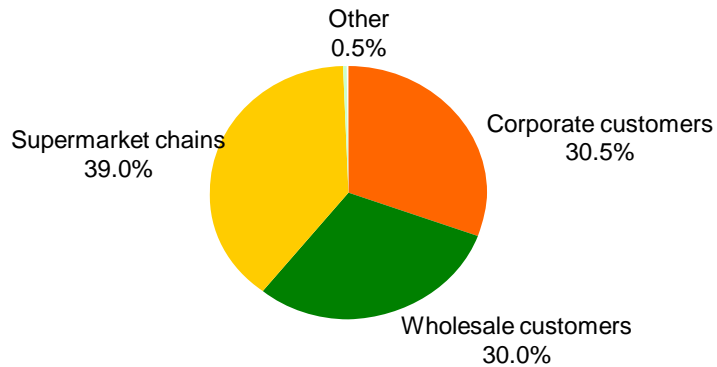
PBT Margin	2009	2010	2011
	34.7%	34.6%	37.0%

\* Excluding revaluation from biological assets

# Key Financial Highlights – Plantation Business

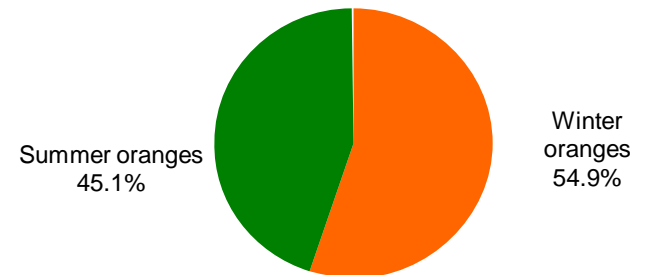


## Customer Segments FY 2011



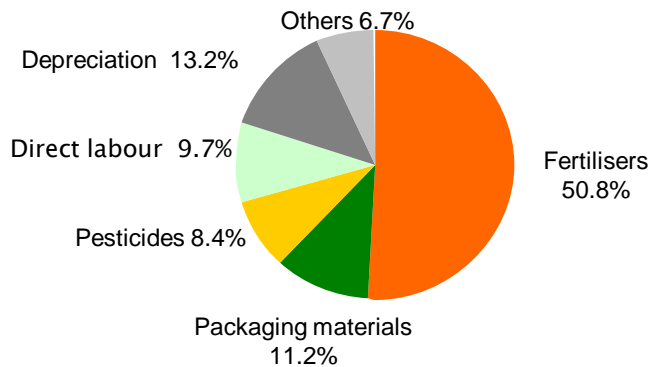
\* Calculated as % of revenue from sale of oranges

## Product Segments FY 2011



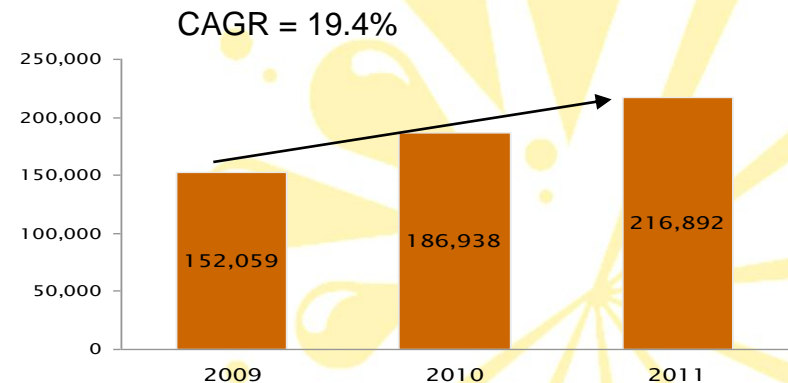
\* By revenue

## Cost of sales of orange FY 2011



\* Calculated as % of cost of sales of oranges

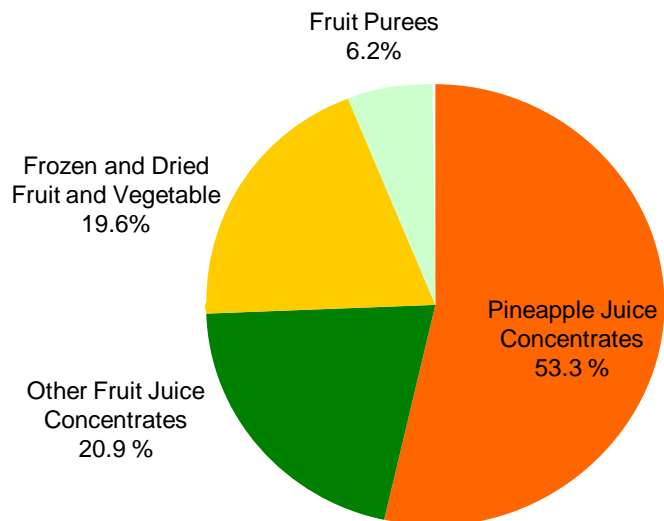
## Production (tonnes) FY 2011



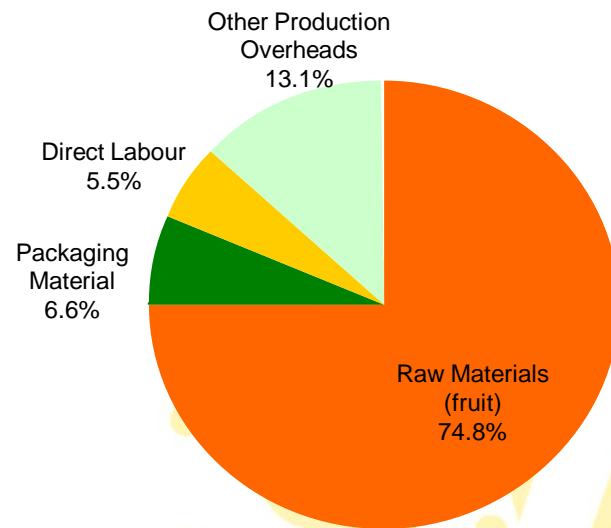


# Key Financial Highlights – Fruit Processing Business

## Product Segments 2011 (by percentage)



## Cost of sales 2011



\* We consolidated seven months' results of BPG for this year ended 30 June 2011.



## EPS enhancement after Beihai BPG deal

	Original plantation business	Fruit processing business (Beihai BPG)	Combined Group
Recurring profit * for FY2011 (RMB'm)	389.7	122.3	512.0
Weighted average no of shares (m)	867.6 **	183.6	1,051.2
EPS for FY2011 (RMB)	0.45		0.49

■ EPS Growth of 8.9%

\* Recurring profit = Audited net profit minus the revaluation gain from biological assets

\*\* Excluding the weighted average impact of the issue of consideration shares of 164.2 million in connection with the acquisition of 92.94% of equity interest in Beihai BPG and the issue of 175.0 million shares for paying the cash consideration of HK\$ 780 million and financing the expansion of the new production facility and the corresponding working capital requirement



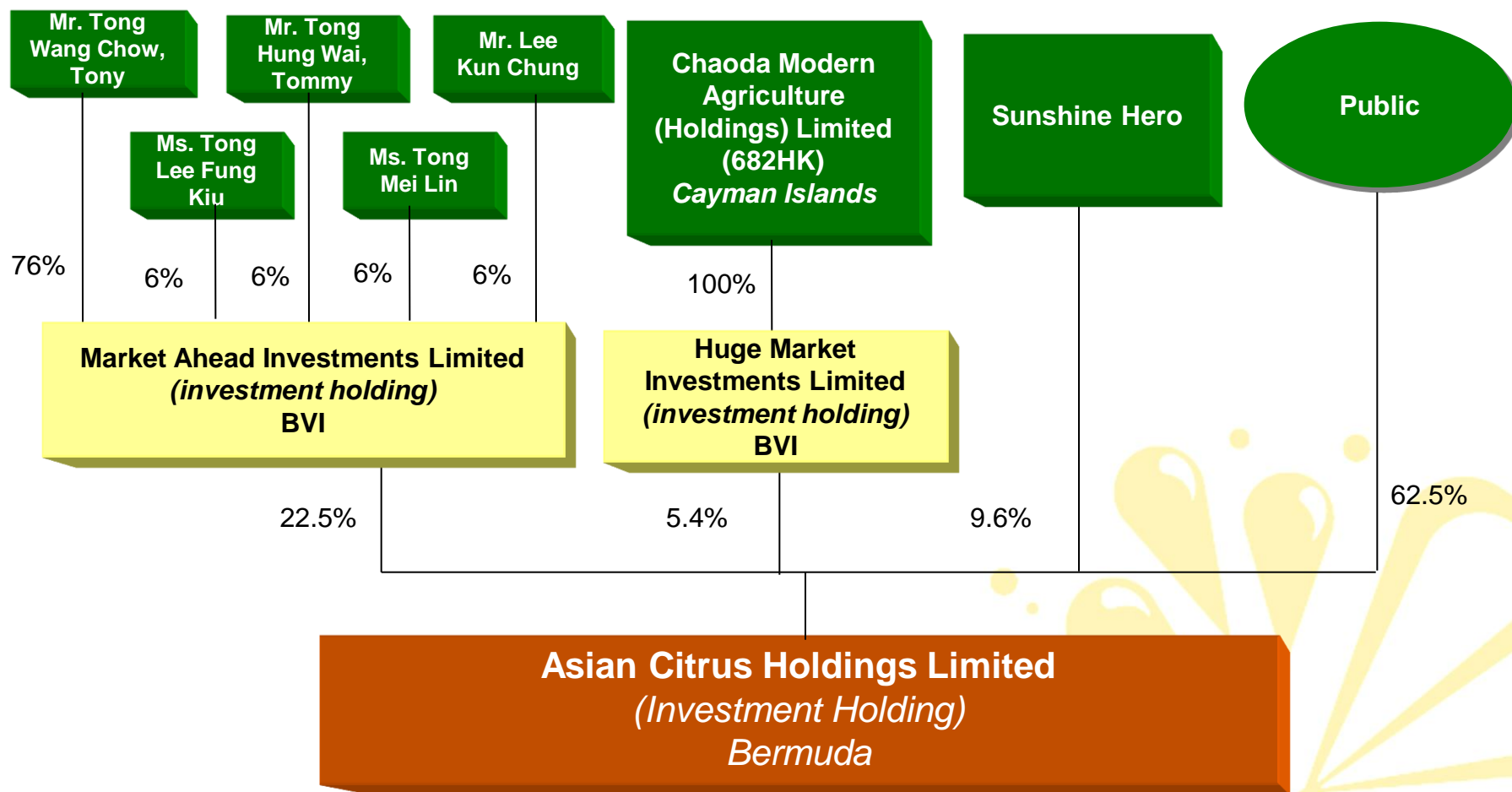
**Q & A**



# Appendix I



# Shareholder Structure (as at 24 November 2011)



# Corporate Structure



## Board of Directors

- Mr Tong Wang Chow (Executive Chairman & CEO)
- Mr Tong Hung Wai, Tommy (Executive Director)
- Mr Cheung Wai Sun (Executive Director)
- Mr Pang Yi (Executive Director)
- Mr. Sung Chi Keung (Finance Director)
- Mr Ip Chi Ming (Vice Chairman and Non-Executive Director)
- Hon Peregrine Moncreiffe (Non-Executive Director)
- Mr Ma Chiu Cheung, Andrew (Independent Non-Executive Director)
- Mr Nicholas Smith (Independent Independent Non-Executive Director)
- Dr Lui Ming Wah, JP (Independent Non-Executive Director)
- Mr Yang Zhen Han (Independent Non-Executive Director)

**Remuneration  
Committee  
(mainly INEDs)**

**Audit  
Committee  
(INEDs)**

**Administrative  
Department**

**Account &  
Finance  
Department**

**Sales &  
Marketing  
Department**

**Corporate  
Affairs  
Department**

**Plantation  
Base  
Controller**



## Appendix II



# Results Highlights – Annual Results 2010/11

(RMB' Million)	<u>Reported results</u>			<u>Recurring results *</u>		
	2010/11	2009/10	% Change	2010/11	2009/10	% Change
Revenue	1,412.6	812.5	+73.9	1,412.6	812.5	+73.9
Gross profit	738.6	468.4	+57.7	738.6	468.4	+57.7
EBITDA	1,205.8	652.4	+84.8	607.8	346.4	+75.5
Profit before tax	1,121.3	587.3	+90.9	523.3	281.3	+86.0
Net profit	1,110.0	585.5	+89.6	512.0	279.5	+83.2
Basic EPS (RMB)	1.06	0.74	+43.2	0.49	0.35	+40.0
Total Dividend (RMB)	0.15	0.12	+25.0	0.15	0.12	+25.0
Final Dividend	0.10	0.10	-	0.10	0.10	-
Special Dividend	0.03	0.02	+50.0	0.03	0.02	+50.0
Interim Dividend	0.02	-	N/A	0.02	-	N/A

- Recurring results: Audited net profit minus the fair value gain of biological assets

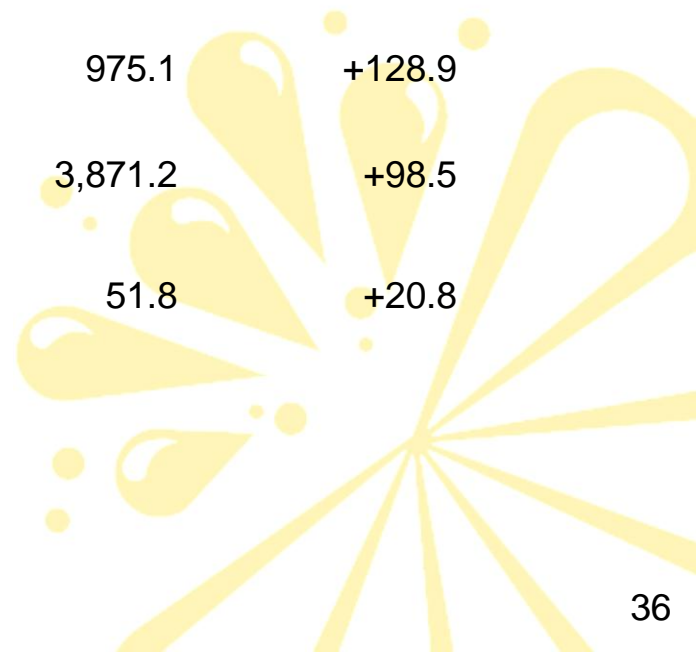
The net gain on change in fair value of biological assets:

2010/11	RMB	598.0 million
2009/10	RMB	306.0 million

# Financial Position At-A-Glance - Annual Results 2010/11



(RMB' Million)	6/2011	6/2010	% Change
Property, plant and equipment	1,638.3	1,161.4	+41.1
Biological assets (non-current portion)	2,055.3	1,449.6	+41.8
Goodwill	1,157.3	-	N/A
Cash and cash equivalents	2,232.2	975.1	+128.9
Total assets	7,685.7	3,871.2	+98.5
Total liabilities	62.6	51.8	+20.8





# Cash Flows Summary - Annual Results 2010/11

(RMB' Million)	2010/11	2009/10	% Change
Cash and cash equivalents as at 1 July	975.1	461.2	+111.4
Cash generated from operations	617.1	339.3	+81.9
Net cash used in investing activities *	<u>-566.4</u>	<u>-143.7</u>	+294.2
<b>Free cash flow</b>	<b>50.7</b>	195.6	-74.1
Net cash generated from financing activities	1,040.4	318.2	+227.0
Net increase in cash and cash equivalents	1,091.1	513.8	+144.7
Cash and cash equivalents as at 30 June	2,066.2	975.1	+111.9

\* Including the net cash outflows from the acquisition of Beihai BPG of RMB161.1 million and increase in time deposits over 3 months of RMB166.0 million

Reconciliation of cash and cash equivalents:

Cash and cash equivalents per cash flow statements above	2,066.2
Time deposits over 3 months	<u>166.0</u>
Cash and cash equivalent per financial position	2,232.2



## Ratio Analysis - Annual Results 2010/11

	2010/11	2009/10
Gross Profit Margin (%) – Overall	<b>52.3%</b>	57.6%
Gross Profit Margin (%) – Oranges	<b>60.3%</b>	58.7%
Gross Profit Margin (%) – Processed fruits	<b>34.0%</b>	N/A
Return on equity (%)	<b>14.7%</b>	15.3%
Payout ratio* (%)	<b>35.6%</b>	37.0%
	<b>6/2011</b>	6/2010
Current Ratio (x)	<b>41.05</b>	21.33
Quick Ratio (x)	<b>37.83</b>	19.21
Liabilities to Equity Ratio (%)	<b>0.8%</b>	1.4%
Net debt to Equity Ratio	<b>Net cash</b>	Net cash

\* Payout ratio = Dividend payment / Recurring profits excluding fair value gain of biological assets

# Thank You

