ASIAN CITRUS HOLDINGS LIMITED

亞洲果業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 73)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2018

The board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2018 together with its comparative figures for the year ended 30 June 2017.

RESULTS OF OPERATIONS

	For the year ended 30 June		
	2018	2017	% change
	(RMB Million)	*(RMB Million)*	
Reported financial information			
Revenue	**54.2**	–	100.0
Other income	**3.5**	1.6	118.8
EBITDA	**-210.0**	-26.8	683.6
Loss before tax	**-221.8**	-28.5	678.2
Loss attributable to shareholders	**-221.8**	-28.5	678.2
Basic loss per share (RMB)	**-0.177**	-0.023	669.6

FINANCIAL POSITION

Total assets	**167.0**	27.6
Net current liabilities	**-530.1**	-219.8
Cash and cash equivalents	**54.7**	16.5
Shareholders' fund	**-433.3**	-214.0
Current ratio (x)	**0.12**	0.09

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 Stock Exchange of Hong Kong Limited ("the **HKEx**") was suspended with effect from 9:00 a.m. (Hong Kong time) on Thursday, 29 September 2016. 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 announcements dated 27 January 2017 and 6 September 2018, including but not limited to the resumption condition that the Company is required to demonstrate its compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the HKEx (the "**Hong Kong Listing Rules**") and 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.

As at the date of this announcement, 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.

CHAIRMAN'S STATEMENT

On behalf of the Board, I wish to report the latest development, progress and the annual results of the Group for the year ended 30 June 2018 to the shareholders of the Company.

BUSINESS REVIEW

The global economic growth had reached a growth rate of 3% in 2017 and remains steady in 2018 pursuant to the economic analysis of the United Nations. Supported by the growth in the People's Republic of China (the "**PRC**") with robust private consumption and accommodative macroeconomic policies, the Eastern and Southern parts of Asia have become the world's most dynamic and fastest-growing regions. However, the global economy in 2018 is fronted with risks and challenges, as there are changes to regional trade policy, rising geopolitical tensions and escalating trade protectionism measures from the United States which may slow down the pace of economy growth in the PRC.

The Company had, in the past year, pushed through hurdles arising from the Beihai Minority Disputes as disclosed in the "Management Discussion & Analysis" section under the sub-section headed "Other Significant Events". The Beihai Minority Disputes were disputes from a minority shareholder of a deconsolidated subsidiary in the PRC, leading to the deconsolidation of certain PRC subsidiaries and the delay in publication of financial results of the Group for the financial years of 2015/16 and 2016/17. Significant progress had been made from the financial year of 2017/18 onwards. First, the Group completed the acquisition of an agriculture company, Guangxi Hepu Guanhua Agriculture Co., Ltd.* (廣西合浦冠華農業有限公司) (the "**Agriculture Company**"), on 18 September 2017. Then, the Company resumed the legal and physical control of Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) ("**Lucky Team Hepu**") successfully on 28 September 2017. Lucky Team Hepu holds the Hepu Plantation of the Group in Guangxi, the PRC, which is the agricultural produce business segment of the Company. Later in July 2018, the Company has published the financial results and annual reports of the Group for the two financial years of 2015/16 and 2016/17 and the interim results and reports of the Group for the six months ended 31 December 2016 and 2017 as well.

The harvest season of the oranges in the Hepu Plantation was in the second half of the financial year from which revenue amounted to approximately RMB54.2 million was generated for the year ended 30 June 2018. On one hand, the Company continued to adopt stringent cost control on the cultivation and other administrative expenses and adopt new business model for the existing business segment. On the other hand, the Company would proceed appropriate corporate restructure and continues to explore new business cooperation opportunities for the Group. We strive to enhance the revenue and shareholders' value of the Company in the foreseeable future.

PROSPECTS

The demand on fruit in the PRC has increased significantly in the recent years, especially for high-quality fruit. The import volume of high-quality fruit is comparatively much higher than that of other fruit. Such significant increase in demand demonstrates the positive prospect of the trading of high-quality fruit in the PRC.

Moreover, the quality of fruit has been consistently improving during the past decade. At present, the fruit industry has become the third largest agricultural industry after the grain and vegetable industries in the PRC. Since the PRC is one of top ten fruit producing countries in the world and also ranks the second top fruit import country in 2016 according to a research conducted by Rabobank, the PRC's agricultural industry has strong international competitiveness and has a bright future for its internal economic development. In the PRC, the top four provinces with area over 1,000,000 hectare of fruit plantation are Shaanxi, Guangxi, Guangdong and Hebei. Our Hepu Plantation is located in a prime fruit harvesting area, coupled with the improved living standards in the PRC as well as the increased awareness in wellness-living, we believe that the fruit trading business can be a profitable core business of the Company.

Strategically, the Group plans to diversify its agricultural product offering by planting other seasonal fruit including dragon fruit during the suitable season. Apart from diversification of product offering, it also serves to utilize more fully and maximize the annual output capacity of the Hepu Plantation. The Group sells a majority of its agricultural products by way of wholesale in the top-tier wholesale fruit markets in the PRC. It is also one of the Group's strategic direction to diversify the distribution channels and networks for its products as well as other products from different sources, such as imports from nearby Asian countries and purchases from other provinces in the PRC, by e-Commerce trading, allowing easy access and purchase from potential customers across different provinces in the PRC. We believe that these can serve to improve the financial performance of the Company in the foreseeable future.

APPRECIATION

The continuous support and trust from our valued shareholders, customers and business partners are so precious to us. On behalf of the Board, I would like to express our sincere gratitude to all such stakeholders. I would also like to express my thankfulness to our diligent management team and staff for their dedication and contribution to the Group during these years.

Ng Ong Nee
Chairman

28 September 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in the business of planting, cultivation and sale of agricultural produce during the financial year ended 30 June 2018.

Due to the Beihai Minority Disputes (as defined below) which arose in late September 2016, the Company had deconsolidated the accounts of the uncooperative subsidiaries in the PRC from the Group's financial results. The core businesses, i.e. the plantation operation and the processed fruit operation of the Group, were operated by some of those deconsolidated subsidiaries, as a result, the deconsolidation had significant financial impact on the Group for the financial years of 2015/16 and 2016/17.

In September 2017, the Company had made encouraging progress. The acquisition of the Agriculture Company was completed on 18 September 2017 and the Company had successfully resumed the control over Lucky Team Hepu on 28 September 2017. The financial performance of Lucky Team Hepu which is mostly attributed by the Plantation Operation of the Group, was re-consolidated into the Group from 28 September 2017. In addition, after the persistent hard work and efforts made by the Directors and senior management of the Company, in July 2018, the Company had published the Group's annual results and annual reports for the financial years ended 30 June 2016 and 2017 and the interim results and interim reports for the six months ended 31 December 2016 and 2017 respectively.

FINANCIAL REVIEW

Revenue and Other Income

During the financial year ended 30 June 2018, the Group recorded a revenue of approximately RMB54.2 million (2017: Nil). The increase in the revenue was primarily due to the consolidation of the plantation operation during the financial year ended 30 June 2018, after the completion of acquisition of the Agriculture Company and the resumption of control of Lucky Team Hepu. During the financial year ended 30 June 2018, there was also other income in the amount of approximately RMB3.5 million (2017: RMB1.6 million) which consisted of management income and net income generated from other trading business.

Gain on bargain purchase

For the financial year ended 30 June 2018, a gain on bargain purchase of approximately RMB30.7 million (2017: Nil) was recognized and it was due to improvement in financial position of the Agriculture Company between the period from the execution date of the relevant purchase agreement and the completion date of the acquisition.

Loss arising on re-consolidation of a deconsolidated subsidiary

For the financial year ended 30 June 2018, there was a loss arising on re-consolidation of a deconsolidated subsidiary, Lucky Team Hepu, of approximately RMB231.7 million (2017: Nil) arising from the excess of liabilities, mainly the amount due to other deconsolidated subsidiaries, over assets of Lucky Team Hepu recognised on re-consolidation.

Gain arising from changes in fair value of biological assets less costs to sell

For the financial year ended 30 June 2018, gain arising from changes in fair value of biological assets less costs to sell, which amounted to approximately RMB32.3 million (2017: Nil), was recognized and it represented the net increase of fair value of the oranges when the Group's oranges become mature and are harvested.

General and administrative expenses

For the financial year ended 30 June 2018, the general and administrative expenses of the Group was approximately RMB27.2 million (2017: RMB17.4 million) which was comprised primarily of office administration expenses and legal and professional fees. These costs increased by 56.3% from approximately RMB17.4 million to RMB27.2 million, mainly due to the new acquisition of the Agriculture Company and the resumption of Lucky Team Hepu in September 2017.

Distribution and other operating expenses

For the financial year ended 30 June 2018, the distribution and other operating expenses of the Group was approximately RMB5.2 million (2017: RMB1.2 million) which comprised direct harvest and processing-related expenses.

Loss from operation and loss attributable to shareholders for the year

For the financial year ended 30 June 2018, both loss from operation of the Group and loss attributable to shareholders of the Company were approximately RMB221.8 million (2017: RMB28.5 million). The substantial increase was due to the loss arising on the re-consolidation of Lucky Team Hepu.

DIVIDEND

The Board did not recommend the payment of a final dividend for the financial year ended 30 June 2018 (2017: Nil).

CAPITAL

As at 30 June 2018, the total number of issued shares of the Company was 1,249,637,884 (2017: 1,249,637,884).

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

Liquidity

As at 30 June 2018, the current ratio and quick ratio were 0.12 and 0.10 respectively (2017: 0.09 and 0.08 respectively).

Gearing ratio and debt ratio

As at 30 June 2018, the Group did not incur any debt instruments nor any bank borrowings. The net cash position of the Group was approximately RMB54.7 million as at 30 June 2018 (2017: RMB16.5 million).

Funding and treasury policy

During the financial year ended 30 June 2018, the Group had sufficient funds for its 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 30 June 2018.

Charge on assets

None of the Group's assets were pledged as at 30 June 2018.

Capital commitments

As at 30 June 2018, the Group had capital commitments of approximately RMB13.8 million (2017: Nil), mainly in relation to the acquisition of property, plant and equipment in the Hepu Plantation.

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 primarily performance-linked while business performance, market practices and competitive market conditions are also taken into consideration in calculating remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as discretionary bonuses, mandatory provident fund contributions and share options.

As at 30 June 2018, the total headcount of the Group not including the employees of the deconsolidated PRC subsidiaries, was 93 (2017: 34).

CONTINGENT LIABILITIES

Due to the Beihai Minority Disputes (details of which are disclosed in the paragraph under the section headed "**Others 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 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 consolidated financial statements of the Group for the year ended 30 June 2018 in this annual results announcement.

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 announcement, the contingent liabilities of those deconsolidated subsidiaries as at 30 June 2018 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 sections titled "Legal Cases of Deconsolidated Subsidiaries" and "Settlement of a contractual dispute in the PRC" under "Post Balance Sheet Event", to the best knowledge of the Directors according to the information available, the Company did not have any contingent liabilities as at 30 June 2018.

OTHER SIGNIFICANT EVENTS

(1) Expiry of the Terms of a Proposed Major Transaction

As disclosed in the annual reports of the Company for the financial years ended 30 June 2016 and 2017, 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. However, the long stop dates of the SPA and the placing agreement had lapsed on 30 September 2017 eventually without further extension.

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.

(2) The Beihai Minority Disputes

As disclosed in the annual reports of the Company for the financial years ended 30 June 2016 and 2017, in late September 2016, during the course of auditing for the financial 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) ("**Mr. DQ Chen**"), 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 years ended 30 June 2016 and 2017. 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, except Lucky Team Hepu subsequently. 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 year ended 30 June 2016 onwards, except Lucky Team Hepu which was reconsolidated in the Group's consolidated financial statements as from 28 September 2017.

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, 26 March 2018, 30 April 2018, 31 May 2018 and 29 June 2018.

(3) Suspension of Trading on the HKEx

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.

(4) Suspension of Trading and Cancellation from Trading on AIM

At the request of the Company, trading in the shares of the Company on Alternative Investment Market ("**AIM**") of the London Stock Exchange was also suspended, with effect from 13:15 p.m. (UK time) on Wednesday, 28 September 2016.

On 27 March 2017, the Company had announced that the shares of the Company would be cancelled from trading on AIM of the London Stock Exchange with effect from 29 March 2017.

(5) Completion of the acquisition of the Agriculture Company

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 under a cooperation agreement with Lucky Team Hepu 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 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 (the "**SAIC**") at Beihai City and Hepu County of the PRC.

Details of the Acquisition were also disclosed in notes 2 and 16 to the consolidated financial statements of the Group for the year ended 30 June 2018 in this annual results announcement.

(6) 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 progress of work for Lucky Team Hepu. The Company had collated the documents found on-site at Lucky Team Hepu's 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.

(7) 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

(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 are 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 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 proceeding 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.

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*

In May 2017, 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 to be 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, 29 June 2018 and 1 August 2018 respectively.

POST BALANCE SHEET EVENT

Settlement of a contractual dispute in the PRC

On 15 July 2018, the Company was informed by its subsidiary, Lucky Team Hepu, that on 9 July 2018 it had received a civil verdict document issued by Guangxi Zhuang Autonomous Region Hepu County People's Court of the PRC (中國廣西壯族自治區合浦縣人民法院) dated 3 July 2018 and a summon relating to a dispute of outstanding payment in 2015 relating to certain pesticides purchases (the "**Contractual Dispute**") dated 20 June 2018 informing a court hearing held on 15 August 2018 with indictment.

It was noted that the plaintiff of the Contractual Dispute was a company in Guangzhou, namely: 廣州市標群農資有限公司 ("**GZ Company**"), mainly engaged in pesticide trading business while Lucky Team Hepu was the defendant and had purchased pesticide from GZ Company. The Contractual Dispute was arose in 2015. GZ Company claimed against Lucky Team Hepu for the outstanding payment, penalty and the related damages and it applied to the court to freeze the funding of Lucky Team Hepu maintained with China Construction Bank, Hepu Branch and Industrial and Commercial Bank of China, Hepu Branch in the total amount of RMB1,312,750.

On 15 August 20I8, all parties with their representing lawyers had attended the court hearing. Although there were sale and purchase contract and invoices from GZ Company, the outstanding payment was arguable due to the absent of delivery notes and logistic supporting documents of the products sold to Lucky Team Hepu.

After further negotiation, both parties agreed to fully settle the Contractual Dispute through mediation on 6 September 2018. Lucky Team Hepu agreed and had paid to GZ Company a total sum of RMB1,056,057.50 on 10 September 2018 as full and final settlement in respect of the Contractual Dispute and the civil litigation was ceased and withdrawn with effect from the same date.

DECONSOLIDATION OF CERTAIN PRC SUBSIDIARIES

Since the uncooperative management of certain PRC subsidiaries refused to provide requested information to the Directors and the auditors of the Company in connection with the preparation of the consolidated financial statements of the Group for the financial years 2015/16, 2016/17 and 2017/18, the Board tried to resolve the problems and had taken the following actions accordingly:

(i) Deconsolidated those PRC subsidiaries whose management refused to cooperate and response to the Directors and the auditors of the Company commencing from the financial year 2015/16 onwards;

(ii) Engaged PRC legal professional to enforce the shareholders' right and information rights over those deconsolidated PRC subsidiaries;

(iii) Revised and strengthened the internal control and risk management system and engaged an independent professional to review those systems of the Group annually;

(iv) Engaged PRC legal professional and changed the memorandum of the PRC subsidiaries to increase the control exercisable by the Company;

(v) Enhanced reporting procedures among all the subsidiaries of the Group, including strengthened treasury and control procedures; and

(vi) Considered to proceed necessary restructure of the Group in order to reduce the loss of the Group.

TRANSITIONAL ARRANGEMENTS FOR THE AMENDMENTS TO THE DELISTING FRAMEWORKS

It was noted that the amendments to the delisting framework under the Hong Kong Listing Rules (the "**Amended Hong Kong Delisting Rules**") came into effect on 1 August 2018 (the "**Effective Date**"). Under the Amended Hong Kong Delisting Rules, as the Company's shares (the "**Shares**") had been suspended from trading for more than 12 months as at the Effective Date, the HKEx may, under Rule 6.01A(2)(b)(ii) of the Amended Delisting Rules, cancel the Company's listing if trading in the Shares remain suspended for 12 continuous months from the Effective Date. The 12-month period will expire on 31 July 2019. If the Company fails to fulfil all the resumption conditions to the HKEx's satisfaction and resume trading in the Shares by 31 July 2019, the HKEx may proceed with the cancellation procedures of the Company's listing. This is subject to the HKEx's right to impose a shorter specific remedial period under Rule 6.10 of the Amended Hong Kong Delisting Rules where appropriate.

The Company will make the best endeavour to obtain resumption of trading in the Shares on the HKEx as soon as possible. Details of the amendments were disclosed in the Company's announcement dated 27 July 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2018

	Note	**2018** **RMB'000**	2017 *RMB$'000*
Revenue	*5*	**54,249**	–
Other income	*6*	**3,454**	1,648
Cost of inventories used		**(53,628)**	–
Depreciation		**(11,884)**	(1,751)
Staff costs		**(12,849)**	(9,804)
Gain on bargain purchase	*16*	**30,691**	–
Loss arising on re-consolidation of a deconsolidated subsidiary	*17*	**(231,718)**	–
Gain arising from changes in fair value of biological assets less costs to sell		**32,320**	–
Distribution and other operating expenses		**(5,234)**	(1,183)
General and administrative expenses		**(27,193)**	(17,376)
Loss before tax	*8*	**(221,792)**	(28,466)
Income tax expense	*9*	**–**	–
Loss for the year attributable to owners of the Company		**(221,792)**	(28,466)
		RMB	*RMB*
Loss per share	*10*		
– Basic and diluted		**(0.177)**	(0.023)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	2018	2017
	RMB'000	*RMB$'000*
Loss for the year	**(221,792)**	(28,466)
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of tax	**2,505**	966
Total comprehensive loss for the year attributable to owners of the Company	**(219,287)**	(27,500)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	2018 RMB'000	2017 RMB$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**96,822**	4,799
Prepayment for acquisition of a subsidiary	*12*	**–**	1,000
		96,822	5,799
Current assets			
Biological assets		**6,595**	–
Inventories		**3,609**	2,443
Trade and other receivables	*13*	**5,204**	2,862
Cash and cash equivalents		**54,743**	16,545
		70,151	21,850
Total assets		**166,973**	27,649
EQUITY AND LIABILITIES			
Equity			
Share capital		**12,340**	12,340
Reserves		**(445,596)**	(226,309)
Capital deficiency		**(433,256)**	(213,969)
LIABILITIES			
Current liability			
Trade and other payables	*14*	**600,229**	241,618
Total liabilities		**600,229**	241,618
Total liabilities, net of capital deficiency		**166,973**	27,649
Net current liabilities		**(530,078)**	(219,768)
Total assets less current liabilities		**(433,256)**	(213,969)

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 30 June 2018

1. GENERAL INFORMATION

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 were listed on 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 1/F., Ching Cheong Industrial Building, 1-7 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

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

The 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 otherwise indicated.

2. BASIS OF PREPARATION

The consolidated financial statements as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (collectively referred as to the "**Group**").

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 to the Company that it has received written correspondence which appeared to be sent by a person named 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, who is (1) a minority shareholder, director and general manager of 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 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 interests 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, 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 understood the allegations to be that Tianyang Perfuming Garden had allegedly entered into a loan facility agreement with a person called Xue Zhen* (薛珍) on 1 June 2017 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 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 consolidated financial statements, 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.

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 Hong Kong Listing Rules and the 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 with effect 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 communication 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 Group considered that the implementation of such changes may take a prolonged time and cause undue delay. Up to the date of approval of the consolidated financial statements, (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 consolidated financial statements 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 occurrence 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 Group and are against the interests of the shareholders of the Company.

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 the end of the Group's financial reporting periods subsequent to 30 June 2015 and their financial performance for the financial years then ended, 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 these financial years for the Group on a consolidated basis or to obtain sufficient documentary information to satisfy themselves regarding the treatment of the transactions during these financial years and various balances of the Group and the PRC Subsidiaries as at the end of these financial years. As of the date of approval of the consolidated financial statements of the Group, 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 these financial years, 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. 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 of the Group for the year ended 30 June 2016 and presented as loss arising from the Incidents. Certain information related to the Deconsolidated Subsidiaries are set out in note 7 to the consolidated financial statements in this annual results announcement.

In the opinion of the directors of the Company, the consolidated financial statements of the Group as at and for the year ended 30 June 2018 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. Furthermore, the comparative financial information disclosed in the consolidated financial statements only represents such information as reported in the consolidated financial statements of the Group for the year ended 30 June 2017 (the "**2017 Financial Statements**") and therefore may not be comparable with the figures for the current year.

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 years ended 30 June 2018 and 2017:

- 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 assert that all transactions entered into by the Group for the year ended 30 June 2018 have been properly reflected in the consolidated financial statements. In this connection, the Board is also unable to assert as to the completeness, existence and accuracy of identification and the disclosures of segment information, revenue, other income, loss arising from the Incidents, loss before tax, income tax expense, directors' emoluments, individuals with highest emoluments, loss per share, property, plant and equipment, prepayment for acquisition of a subsidiary, biological assets, inventories, trade and other receivables, cash and cash equivalents, capital, reserves and dividends, share-based payments, trade and other payables, commitments, related party transactions, acquisition of a subsidiary, re-consolidation of a deconsolidated subsidiary, statement of financial position of the Company, events after the reporting period and comparative information insofar as the details or information relate to the Deconsolidated Subsidiaries.

As per assessment by the Board based on the information available at this stage, all identified and required adjustments have been put through in the consolidated financial statements for the year ended 30 June 2018. 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 consolidated financial statements of the Group as and when the outcome of the above uncertainties is known and the consequential adjustments and disclosures are identified.

During the year ended 30 June 2018, 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 record, 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 for the year ended 30 June 2018 with a loss on resumption of control of approximately RMB231,718,000 being recognized in the consolidated statement of profit or loss of the Group for the year ended 30 June 2018. The details of the assets and liabilities recorded on 28 September 2017 are set out in note 17 to the consolidated financial statements in this annual results announcement. Further details are disclosed in the Company's announcements dated 31 October 2017, 30 November 2017 and 28 December 2017.

As disclosed in note 12 and 16 to the consolidated financial statements in this annual results announcement, on 3 January 2017, the Group entered into a sale and purchase agreement with an independent third party to acquire 100% equity interests in 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 also changed to the Company's nominated representative and both of the above were 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.

During the year ended 30 June 2018, the Group incurred loss of approximately RMB221,792,000 and as of that date, the Group's total liabilities exceeded its total assets by approximately RMB433,256,000. Following deconsolidation of the Deconsolidated Subsidiaries, net liabilities appeared on the Group's consolidated statement of financial position. 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 circumstances, 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 consolidated financial statements 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 consolidated financial statements.

3. APPLICATIONS OF NEW AND REVISED IFRSs

(a) Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time in the current year:

IAS 7 (Amendments)	Disclosure Initiative
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 12 (Amendments)	Disclosure of Interests in Other Entities

Except as described below, the adoption of the amendments to IFRSs has had no significant financial effect on these consolidated financial statements and there have been no significant changes to the accounting policies applied in these consolidated financial statements.

IFRS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The adoption of these amendments to IAS 7 has had no material impact on the Group's consolidated financial statements as the Group does not have any liabilities arising from financing activities.

(b) New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRSs (Amendments)	Annual Improvements to IFRSs 2015-2017 Cycle[2]
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
IFRS 9	Financial Instruments[1]
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 15 (Amendments)	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[3]
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[2]
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[2]
IAS 40 (Amendments)	Transfers of Investment property[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective for annual periods beginning on or after a date to be determined

4. SEGMENT INFORMATION

The Group managed 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 has one operating and reportable segment. The Group was engaged in agricultural produce (planting, cultivation and sale of agricultural produce) during the year ended 30 June 2018 and did not engage in any revenue generating activity during the year ended 30 June 2017.

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong	**–**	–	**2,643**	4,799
The PRC	**54,249**	–	**94,179**	–
	54,249	–	**96,822**	4,799

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2018	2017
	RMB'000	*RMB'000*
Customer A	**20,900**	–
Customer B	**19,369**	–

5. REVENUE

	2018	2017
	RMB'000	*RMB'000*
Sales of oranges	**54,249**	–

The revenue amount also represents the fair value of agricultural produce at the point of harvesting, as the oranges were sold as soon as they were harvested.

6. OTHER INCOME

	2018	2017
	RMB'000	*RMB'000*
Management income *(note)*	**2,627**	–
Interest income	**77**	106
Sundry income	**750**	1,542
	3,454	1,648

Note:

Management income was derived from the Group's provision of management service on cultivation.

7. LOSS ARISING FROM THE INCIDENTS

As explained in note 2 to the consolidated financial statements in this annual results announcement, the directors of the Company have been unable to locate and to get access to the complete books and records of the Deconsolidated Subsidiaries and the management of the Deconsolidated Subsidiaries did not respond to any request for information. The financial results, assets and liabilities of the Deconsolidated Subsidiaries have not been included in the consolidated financial statements of the Group since 1 July 2015. "Loss arising from the Incidents" of approximately RMB3,935,432,000 and impairment losses on amounts due from Deconsolidated Subsidiaries of approximately RMB1,250,898,000 were recognised in the consolidated statement of profit or loss for the year ended 30 June 2016.

For the purposes of the consolidated financial statements, in view of the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015, all references to the "Group" refer to the Company and its subsidiaries excluding the Deconsolidated Subsidiaries if the words "the Group" are used in respect of the years ended or as at 30 June 2017 and 2018.

(a) Amounts due to the Deconsolidated Subsidiaries included in the consolidated statement of financial position

	2018	2017
	RMB'000	*RMB'000*
Trade and other payables	**571,442**	237,514

(b) Contingent liabilities

As set out in note 2 to the consolidated financial statements in this annual results announcement, in June 2017, the Company was made aware of (i) service of proceedings from a court in the PRC whereby Mr. Man has commenced legal proceedings against Chance Lead alleging that he had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements (the "**BPG Shareholders' Dispute**") and (ii) the Tianyang Perfuming Garden Proceeding.

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 (i) the Company; (ii) BPG Food & Beverage Holdings Ltd. (果香園食品控股有限公司); and (iii) Wealth Elite Investments Limited (鑫卓投資有限公司) requiring each to, among others, attend a court hearing scheduled on 13 March 2018 in respect of the BPG Shareholders' Dispute. The parties' submissions regarding verification of evidence were heard during the court held on 13 March 2018. The court has yet to come to a conclusion up to the date of approval of this announcement.

In addition, (i) in May 2017, the Group was informed by the senior management of Tianyang Perfuming Garden that Tianyang Perfuming Garden was involved in certain court proceedings in the PRC whereby the 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 judgement ordering Tianyang Perfuming Garden to pay damages in the amount of approximately RMB3,717,000 (together with interests) for certain construction works (the "**First TPG Judgement**"); and (ii) in late February 2018, the Company was further made aware by the senior management of Tianyang Perfuming Garden 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 Judgement had commenced a legal proceeding against Tianyang Perfuming Garden alleging that it had defaulted in the payment of approximately RMB836,000 together with interests for the same construction works as mentioned in (i) above. In May 2018, Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) issued an order ordering Tianyang Perfuming Garden to make payment in the amount of approximately RMB669,000 (together with interest) to the aforesaid claimant. The Company was then made aware by the senior management of Tianyang Perfuming Garden that the relevant court had issued judgements ordering the freezing of a bank account held by Tianyang Perfuming Garden in respect of the First TPG Judgement, and the inclusion of Tianyang Perfuming Garden in the 'List of Dishonest Persons subject to Enforcement'. The court has yet to come to a conclusion up to the date of approval of these consolidated financial statements.

8. LOSS BEFORE TAX

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

	2018	2017
	RMB'000	*RMB'000*
(a) Staff costs (including directors' emoluments)		
– salaries, wages and other benefits	**12,714**	9,579
– contribution to defined contribution retirement plans	**135**	225
	12,849	9,804
(b) Other items		
Auditors' remuneration		
– Audit services	**1,319**	1,052
– Non-audit services	**659**	683
	1,978	1,735
Depreciation of property, plant and equipment	**11,884**	1,751
Exchange loss, net	**2,120**	342
Legal and professional fees	**4,075**	2,504
Operating lease expenses		
– properties	**2,934**	3,096
– plantation bases	**2,858**	–
Loss on disposal of property, plant and equipment	**2**	–

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 British Virgin Islands, 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 year. 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 subsidiaries of the Company and 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. As at 30 June 2018, the Group has no unremitted profit of the subsidiaries in the PRC (2017: RMBNil) due to the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015.

10. LOSS PER SHARE

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

	2018	2017
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the Company used in basic and diluted loss per share calculation	**(221,792)**	(28,466)
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 assumed exercise of outstanding share options in the calculation of diluted loss per share as these potential ordinary shares had anti-dilutive effects.

11. DIVIDENDS

No dividend has been paid or proposed by the Company during the year ended 30 June 2018 (2017: Nil).

12. PREPAYMENT FOR ACQUISITION OF A SUBSIDIARY

On 3 January 2017, the Group entered into a sale and purchase agreement with an individual who, to the Company's directors' best knowledge, information, believe and having made all reasonable enquiries, was an independent third party to the Group, to acquire 100% equity interests in the Agriculture Company with a total cash consideration of RMB1,000,000. The Agriculture Company is principally engaged in the operation of cultivation management and sales of oranges.

On the same date, the Group also entered into an agreement, pursuant to which the vendor of the Agriculture Company Acquisition has agreed to hold the entire equity interests in the Agriculture Company (the "**Agriculture Company Equity**") for the benefit of the Group during the process of the transfer of the Agriculture Company Equity. A director of the Company's subsidiary had been appointed as the chief operating officer of the Agriculture Company and all the company chops, business licenses, information on bank accounts and leasehold property agreement of the Agriculture Company have been handed over to the Company.

Prior to the Agriculture Company Acquisition, the Agriculture Company entered into the Cooperation Agreement with Lucky Team Hepu on 1 December 2016 for a term of 30 years whereby 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 also changed to the Company's nominated representative, both of which were reflected on public records of the SAIC at Beihai City and Hepu County of the PRC with effect from that date. RMB100,000 of the consideration sum was paid on 3 January 2017 upon entering into the sale and purchase agreement and the remaining balance of RMB900,000 was settled on 18 May 2017 in accordance with the terms of agreement of the Agriculture Company Acquisition. The Agriculture Company Acquisition was completed on 18 September 2017 and the prepaid consideration has been recognized as cost of acquisition of the Agriculture Company upon completion of the Agriculture Company Acquisition. Details of which are set out in note 16.

13. TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**276**	–
Other receivables, deposits and prepayments	**4,928**	2,862
	5,204	2,862

The ageing analysis of trade receivables is as follows:

	2018	2017
	RMB'000	*RMB'000*
Less than 1 month	**276**	–

Trade receivables from sales of goods are normally due for settlement within 30 to 90 days from the date of billing.

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

	2018	2017
	RMB'000	*RMB'000*
Neither past due nor impaired	**276**	–

Trade receivables is related to an independent customer that has a good track record with the Group. The directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances which are still considered fully recoverable.

Trade and other receivables with net carrying amount of approximately RMB194,535,000 brought forward as at 1 July 2015, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015.

14. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**5,124**	–
Other payables and accruals	**15,975**	4,104
Receipt in advance	**7,180**	–
Amount due to a director	**508**	–
Amount due to the Deconsolidated Subsidiaries	**571,442**	237,514
	600,229	241,618

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:

	2018	2017
	RMB'000	*RMB'000*
Less than 3 months	**5,124**	–

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

15. COMMITMENTS

Operating lease commitments

At 30 June 2018, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**4,169**	3,072
After 1 year but within 5 years	**11,870**	1,278
After 5 years	**80,014**	–
	96,053	4,350

At 30 June 2018 and 2017, operating lease payments represent rental payable by the Group for certain premises and land on which the plantations are situated. The leases of premises are negotiated for initial terms of three years. The leases for plantation bases are negotiated for a term of 50 years expiring in 2050. None of the leases include contingent rentals.

Capital commitments

	2018	2017
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided for in respect of acquisition of property, plant and equipment	**13,840**	–

16. ACQUISITION OF THE AGRICULTURE COMPANY

The directors of the Company took the view that the Agriculture Company Acquisition was completed on 18 September 2017 (the "**Acquisition Date**").

The fair value of the identifiable assets and liabilities acquired which were recognised as at the Acquisition Date were as follows:

	RMB'000
Biological assets	8,823
Inventories	4,858
Amount due from Lucky Team Hepu *(Note)*	4,574
Cash and cash equivalents	17,158
Trade and other payables	(3,722)
Net assets acquired	31,691
Gain on bargain purchase:	
Consideration transferred	1,000
Less: Fair value of identifiable net assets acquired	(31,691)
Gain on bargain purchase	(30,691)
Cash acquired	17,158
Less: Cash consideration	(1,000)
Cash deposit for acquisition paid during the year ended 30 June 2017	1,000
Net cash inflow on acquisition of the Agriculture Company	17,158

Note:

The amounts were eliminated on consolidation when preparing the consolidated financial statements of the Group for the year ended 30 June 2018.

The Agriculture Company is engaged in cultivation management and sales of oranges in the PRC. The consideration of the Agriculture Company Acquisition was mutually agreed between the parties when the sale and purchase agreement was entered into on 3 January 2017 (the "**Agreement Date**"). As at the Agreement Date, the scale of operation of the Agriculture Company was minimal. Due to the change of ownership of the Agriculture Company required application and submissions of documents to various government departments in the PRC which was time-consuming, the process for obtaining the necessary approvals for the change of ownership of the Agriculture Company was completed only on 18 September 2017 (the "**Acquisition Date**"). During the period between the Agreement Date and the Acquisition Date, the Agriculture Company commenced operations and its financial position as of the Acquisition Date has been improved. As a result, a gain on bargain purchase of approximately RMB30,691,000 was recognised in the consolidated statement of profit or loss upon completion of the Agriculture Company Acquisition on the Acquisition Date.

17. RE-CONSOLIDATION OF A DECONSOLIDATED SUBSIDIARY

As disclosed in the Company's announcement dated 31 October 2017, (i) the Company obtained a copy of the business licence of Lucky Team Hepu re-issued by the SAIC at Beihai City and Hepu County of the PRC; (ii) the changes of the legal representative, board of directors and supervisor of Lucky Team Hepu to the Company's nominated representatives were effected on 28 September 2017 and reflected on public records of the SAIC at Beihai City and Hepu County of the PRC with effect from that date; and (iii) the Company then occupied and took control over the registered office of Lucky Team Hepu located at No. 51 Mingyuan South Road, Lianzhou Town, Hepu County, Beihai City, Guangxi Zhuang Autonomous Region, the PRC* (中國廣西壯族自治區北海市合浦縣廉明鎮明園南路51號) (the "**Office**") and made an inventory record of assets and books and records being located therein. The directors of the Company therefore considered that the Group's control over Lucky Team Hepu was resumed since 28 September 2017 and its financial statements have been consolidated into that of the Group since then.

The Group engaged a professional firm of registered accountants in the PRC to reconstruct the books and records of Lucky Team Hepu based on the incomplete books and records located in the Office. The Board considers that it has used its best effort to retrieve all available supporting documents for the accounting records of Lucky Team Hepu.

Following the Group resuming control over Lucky Team Hepu on 28 September 2017, the Group recognised the carrying amounts of the assets and liabilities of Lucky Team Hepu as at that date using the historical cost basis for those net carrying amounts of the assets and liabilities for which the available accounting records could be reconstructed, as follows: (a) property, plant and equipment, comprised of fixtures and equipment, motor vehicles, buildings, leasehold improvements, infrastructure and machinery and orange trees classified as bearer plants under IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture", which were derived based on the physical counts, land and building certificate located in the Office, fixed assets register and valuation reports; (b) cash and bank balances were mainly derived based on the bank statements at 28 September 2017; and (c) amount due from the Company, amount due to the Agriculture Company and amounts due to the Deconsolidated Subsidiaries which were derived based on the accounting vouchers located in the Office, the statutory audited financial statements of Lucky Team Hepu for the year ended 31 December 2016 issued by a firm of Certified Public Accountants registered in the PRC and available information of the Company and the Agriculture Company.

The carrying amounts of the identifiable assets and liabilities of Lucky Team Hepu resumed as at the date of resumption of control are as follows:

	RMB'000
Property, plant and equipment	
– Bearer plants	52,950
– Others *(Note a)*	49,725
Amount due from the Company *(Note b)*	31,072
Cash and bank balances	4,109
Amount due to the Agriculture Company *(Note b)*	(4,574)
Amounts due to the Deconsolidated Subsidiaries	(365,000)
Net liabilities resumed	(231,718)
Net cash inflow on re-consolidation of Lucky Team Hepu	4,109

Notes:

(a) Property, plant and equipment – Others were comprised of buildings, leasehold improvements, fixtures and equipment, motor vehicles and infrastructure and machinery.

(b) The amounts were eliminated on consolidation when preparing the consolidated financial statements of the Group for the year ended 30 June 2018.

Upon the Group resumed recording the above assets and liabilities on 28 September 2017, the resulting loss of approximately RMB231,718,000 was recognised in the Group's consolidated statement of profit or loss for the year ended 30 June 2018.

18. EVENTS AFTER THE REPORTING PERIOD

(a) Transitional arrangements for the amendments to the delisting frameworks

As disclosed in the Company's announcement dated 27 July 2018, the amendments to the delisting framework under the Hong Kong Listing Rules (the "**Amended Hong Kong Delisting Rules**") came into effect on 1 August 2018 (the "**Effective Date**"). Under the Amended Hong Kong Delisting Rules, as the Company's shares had been suspended from trading for more than 12 months as at the Effective Date, the HKEx may, under Rule 6.01A(2)(b)(ii) of the Amended Delisting Rules, cancel the Company's listing if trading in the Shares remain suspended for 12 continuous months from the Effective Date.

The 12-month period will expire on 31 July 2019. If the Company fails to fulfil all the resumption conditions to the HKEx's satisfaction and resume trading in the Shares by 31 July 2019, the HKEx may proceed with the cancellation procedures of the Company's listing. This is subject to the HKEx's right to impose a shorter specific remedial period under Rule 6.10 of the Amended Hong Kong Delisting Rules where appropriate.

(b) Litigation

On 9 July 2018, the Group received a writ of summon issued by Guangxi Zhuang Autonomous Region Hepu County People's Court (廣西壯族自治區合浦縣人民法院) against Lucky Team Hepu in respect of a claim from a supplier for an aggregate amount of approximately RMB1,313,000 together with the interests and legal costs, and a court of proceeding was then held on 15 August 2018. On 6 September 2018, the Group received a civil mediation letter issued from Guangxi Zhuang Autonomous Region Hepu County People's Court (廣西壯族自治區合浦縣人民法院) and requested that Lucky Team Hepu should pay to the claimant with an aggregate sum of approximately RMB1,056,000 including interests and legal costs as full and final settlement. A provision of approximately RMB1,056,000 has been charged to the consolidated statement of profit or loss during the year ended 30 June 2018 and included as trade and other payables in the consolidated statement of financial position as at 30 June 2018.

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The Company's auditors have issued a disclaimer of opinion on the Group's consolidated financial statements for the year ended 30 June 2018, an extract of the auditors' report is as follow:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

a) Authenticity of accounting records and deconsolidation of all subsidiaries (except for Guangzhou Asian Citrus Investment Consulting Co., Ltd. (廣州市亞機果投資諮詢有限公司)) of the Company incorporated in the People's Republic of China (the "PRC")

As disclosed in note 2 to the consolidated financial statements:

(i) during the course of our audit of the consolidated financial statements of the Group for the financial year ended 30 June 2016, we had received written correspondences which appeared to be sent by a person named Mr. Chen De Qiang (陳德強), who is a finance manager of certain PRC subsidiaries of the Company. It was asserted in the correspondences that he was acting on behalf of Mr. Man Gui Fu (滿桂富) ("**Mr. Man**") 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 holder of positions in some other PRC subsidiaries of the Company. In the correspondences, it was indicated to us 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), a PRC subsidiary of the Company, for the year ended 30 June 2016;

(ii) at the request of a man who claimed to be Mr. Man's representative, we had arranged to meet Mr. Man in the office of our legal adviser (the "**Meeting**"). A man who claimed to be Mr. Man attended the Meeting and asserted to us that there were inaccuracies in the books and records of certain subsidiaries of the Company and provided to us 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;

(iii) the Company was made aware of services 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, alleging that he had the right to require Chance Lead to transfer 46.14% equity interests 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**"); and

(iv) 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) ("T**ianyang Perfuming Garden**"), a PRC subsidiary of the Company, to repay a loan of RMB17 million and the interests in arrears. Tianyang Perfuming Garden had allegedly entered into a loan facility agreement with a person named Xue Zhen (薛珍) on 1 June 2016 in respect of a loan amounting to RMB17 million with interest rate at 6% per annum and had allegedly pledged two pieces of land to Xue Zhen as security for the loan (the "**Tianyang Perfuming Garden Proceeding**") (hereinafter, the Tianyang Perfuming Garden Proceeding, together with the other assertions and allegations referred to in sub-paragraphs (i) to (iii) above, are collectively referred to as the "**Allegations**").

Upon our further inquiries, we were informed that the directors of the Company had sought, but were unable, to gain access to the books and records of Lucky Team Hepu, Beihai Perfuming Garden, Tianyang Perfuming Garden and all the other PRC subsidiaries of the Company except for Guangzhou Asian Citrus Investment Consulting Co. Ltd. (廣州市亞機果投資諮詢有限公司) (the "**PRC Subsidiaries**"). Further, the management of the PRC Subsidiaries did not respond to the requests of the directors of the Company for additional information and explanations relating to the subject matters of the Allegations.

Under the circumstances as described above, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the Allegations relate. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the causes and effects of the alleged discrepancies and other matters which are the subject matters of the Allegations, and their implications and impacts on the elements presented in the consolidated financial statements of the Group for the year ended 30 June 2018 and the comparative figures presented in these consolidated financial statements. In particular, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding (i) whether there were problematic transactions and balances that caused, or were caused by, the alleged discrepancies and other matters which are the subject matters of the Allegations and if there were, whether these were appropriately reflected in the Group's consolidated financial statements for the respective financial years to which they relate (i.e. the year ended 30 June 2018 or preceding year or years); (ii) the nature, extent and validity of the problematic transactions and balances, if any, and the reasons why they arose; (iii) whether there were any contingent or unrecorded liabilities arising from the problematic transactions and balances, if any, including penalties and other financial consequences from breaches of laws and regulations; and (iv) whether there were any problematic transactions and balances involving related parties but which had not been identified by the management of the Group. These scope limitations also impacted on our ability to determine the reliability of the management representations received by us as audit evidence for our audit testing purposes and hence of the audit evidence in general. Any adjustments found to be required may have consequential significant effects on the elements in the consolidated financial statements for the year ended 30 June 2018 and the comparative figures for the preceding financial year and hence on the net liabilities of the Group as at 30 June 2018 and 2017 and the loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2018 and 2017.

Given the inability of the management of the Group to gain access to the complete books and records of the PRC subsidiaries or to obtain explanations and information from the management of these subsidiaries (hereinafter, together with the incidents relating to the Allegations, are collectively referred to as the "**Incidents**"), the Board of Directors of the Company (the "**Board**") considered that the Group did not have the necessary information about the transactions and account balances of the PRC subsidiaries for inclusion of these entities in the consolidated financial statements of the Group for the year ended 30 June 2016 and subsequent financial years. Accordingly, the Board had determined that the PRC subsidiaries (the "**Deconsolidated Subsidiaries**") shall be deconsolidated from the consolidated financial statements of the Group with effect from 1 July 2015.

The deconsolidation of the Deconsolidated Subsidiaries resulted in a loss on deconsolidation of approximately RMB3,935,432,000, representing the carrying amounts of the net assets of the Deconsolidated Subsidiaries, less the related non-controlling interests, as at 1 July 2015 as included in the management accounts of the Deconsolidated Subsidiaries used in the preparation of the consolidated financial statements of the Group for the year ended 30 June 2015. This loss amount, which includes the effects of the Incidents which as at the date of this announcement are still unascertained, has been recognised as "loss arising from the Incidents" in the consolidated statement of profit or loss for the year ended 30 June 2016.

The deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015 also resulted in the exclusion of the assets, liabilities, revenue, income, expenses, and cash flows of the Deconsolidated Subsidiaries from the consolidated financial statements of the Group for the years ended 30 June 2018 and 2017. Except possibly in the case of Beihai Perfuming Garden and its subsidiaries (see the next sub-paragraph below), this accounting outcome is a departure from the requirements of International Financial Reporting Standard ("**IFRS**") 10 "Consolidated Financial Statements", which requires all subsidiaries controlled by the Company and its subsidiaries to be included in the consolidated financial statements of the Group. The facts and circumstances described above do not show that the Group had lost control over the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) with effect from 1 July 2015. Accordingly, under IFRS 10, the Company should have consolidated the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) in its consolidated financial statements for the years ended 30 June 2018 and 2017. Had these subsidiaries been consolidated, many elements in the consolidated financial statements of the Group for the years ended 30 June 2018 and 2017 would have been materially affected. However, as stated above, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the Allegations relate, including the effects of the Incidents. Accordingly, the effects on the consolidated financial statements of the Group of the failure to consolidate the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) could not be determined.

In the case of the deconsolidation of Beihai Perfuming Garden and its subsidiaries, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the allegations described in sub-paragraph (iii) above relate. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the causes and effects of these alleged matters and their implications and impacts on the elements presented in the consolidated financial statements of the Group for the year ended 30 June 2018 and the comparative figures presented in these consolidated financial statements. In particular, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding whether Mr. Man had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements. If Mr. Man did have such right, the existence of the potential voting right might cause Beihai Perfuming Garden and its subsidiaries to be controlled by Mr. Man rather than by the Company and hence in such circumstances, Beihai Perfuming Garden and its subsidiaries should not be included in the consolidated financial statements of the Group as they would then not be subsidiaries of the Company. However, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether Beihai Perfuming Garden and its subsidiaries were subsidiaries of the Company during the financial years ended 30 June 2018 and 2017. Hence, we were unable to satisfy ourselves about the validity and appropriateness of treating Beihai Perfuming Garden and its subsidiaries as subsidiaries of the Company until the effective date of the deconsolidation and conversely, of deconsolidating Beihai Perfuming Garden and its subsidiaries with effect from 1 July 2015. Any adjustments found to be required may have consequential significant effects on the elements in the consolidated financial statements for the year ended 30 June 2018 and the comparative figures for the preceding financial year and hence on the net liabilities of the Group as at 30 June 2018 and 2017 and the loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2018 and 2017.

b) Opening balances and comparative information

The opening balances as at 1 July 2017 and comparative information as at and for the year ended 30 June 2017 presented or disclosed in the consolidated financial statements are based on the consolidated financial statements of the Group for the year ended 30 June 2017 in respect of which we expressed a disclaimer of opinion in our auditors' report dated 12 July 2018. The matters which led us to disclaim our opinion include those explained in paragraphs (a) to (n) herein and in sub-paragraphs (i) to (xi) below concerning the carrying amounts of certain assets and liabilities which were derecognised upon deconsolidation of the Deconsolidated Subsidiaries as at 1 July 2015 and which affected the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016. Therefore, the opening balances and comparative information presented or disclosed in the consolidated financial statements may not be comparable with the figures presented or disclosed in respect of the current year.

(i) *Property, plant and equipment, land use rights and construction-in-progress*

The gross carrying amounts of the property, plant and equipment, land use rights and construction-in-progress (collectively, the "**Tangible Assets**") as at 1 July 2015 of approximately RMB3,189,770,000, RMB87,870,000 and RMB49,430,000 respectively were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the gross and net carrying amounts of the Tangible Assets as at 1 July 2015; (ii) the validity of ownership of the Tangible Assets under the Deconsolidated Subsidiaries as at 1 July 2015; (iii) the validity of the gross and net carrying amounts of the Tangible Assets as at 1 July 2015 which were brought forward from previous years, including the components of the Tangible Assets, the validity of the commercial terms arrived at in acquiring the Tangible Assets, and whether the vendors of the Tangible Assets were related to related parties of the Group in accordance with International Accounting Standards ("**IAS**") 24 "Related Party Disclosures"; and (iv) the basis for the determination that the net carrying amounts of the property, plant and equipment, land use rights and construction-in-progress of approximately RMB2,250,979,000, RMB74,625,000 and RMB49,430,000 respectively as at 1 July 2015 were recoverable. Therefore, we were unable to satisfy ourselves as to whether the gross and net carrying amounts of the Tangible Assets and nil impairment loss on the Tangible Assets as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(ii) *Biological assets*

The carrying amounts of the biological assets as at 1 July 2015 of approximately RMB1,596,782,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the biological assets as at 1 July 2015; (ii) the validity of ownership as at 1 July 2015 of the biological assets, which were all held by the Deconsolidated Subsidiaries; (iii) the validity of the carrying amounts of the biological assets at 1 July 2015 which were brought forward from previous years, including in respect of biological assets acquired in previous years, the validity of the commercial terms arrived at in acquiring the biological assets and whether the vendors or suppliers of the biological assets were related to related parties of the Group in accordance with IAS 24; (iv) the validity, the basis of determination and recording accuracy of the fair value measurements as at 1 July 2015 of the biological assets carried at fair value and the reasonableness of supporting bases for the key inputs and assumptions used in the fair value measurements as at 1 July 2015; and (v) the basis for the determination that the carrying amounts of those biological assets carried on cost basis were recoverable as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the biological assets as at 1 July 2015 were free from material misstatement and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(iii) Intangible assets

The gross and net carrying amounts of the intangible assets for capitalised development costs as at 1 July 2015 of approximately RMB115,926,000 and RMB51,091,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of derecognition of the gross and net carrying amounts of the intangible assets as at 1 July 2015; (ii) the validity of the gross carrying amounts of the intangible assets which were brought forward from previous years, including the components of the intangible assets, the validity of the commercial terms arrived at in acquiring the intangible assets or the development costs paid or incurred which arose from the year ended 30 June 2006 and the years thereafter, and the reasonableness and recording accuracy on initial recognition of the capitalised development costs, including whether the capitalisations were in compliance with IAS 38 "Intangible Assets", and whether the vendors or counter parties of the intangible assets were related to related parties of the Group in accordance with IAS 24; (iii) the basis of conducting impairment assessment by the management of the Group and the reasonableness of and supporting bases for the key inputs and assumptions used in the impairment assessment as at 1 July 2015; and (iv) the basis for the determination that the net carrying amounts of the intangible assets of approximately RMB51,091,000 as at 1 July 2015 was recoverable. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the intangible assets and nil impairment loss on the intangible assets as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(iv) Goodwill

Included in the consolidated statement of financial position of the previous years were goodwill relating to the acquisition of BPG Food and Beverage Holdings Ltd., the intermediate holding company of Beihai Perfuming Garden and details of the acquisition were set out in the Company's circular dated 1 November 2010. The gross and net carrying amount of the goodwill as at 1 July 2015 of approximately RMB1,157,261,000 and nil were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the goodwill and accumulated impairment as at 1 July 2015; (ii) the validity of the gross carrying amount of the goodwill as at 1 July 2015 which were brought forward from previous years, including the validity of (a) the recognition of the goodwill in accordance with IFRS 3 "Business Combination", in view of the alleged existence of the Arrangements; and (b) the commercial terms arrived at in the business combination which led to the recognition of the goodwill and whether the vendors in the business combination in which the goodwill was recognised were related to related parties of the Group in accordance with IAS 24; and (iii) the basis of the determination that the recoverable amount of the goodwill was nil as at 1 July 2015.

Therefore, we were unable to satisfy ourselves as to whether the carrying amount of the goodwill as at 1 July 2015 was free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(v) Deposits

The carrying amount of the deposits as at 1 July 2015 of approximately RMB11,012,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of derecognition of the deposits as at 1 July 2015; (ii) the validity of the carrying amount of the deposits as at 1 July 2015 which was brought forward from previous years, including the nature of the deposits, the validity of the commercial terms arrived at under the deposits and whether the counter parties of the deposits were related to related parties of the Group in accordance with IAS 24; and (iii) the basis for the determination that the carrying amount of the deposits of approximately RMB11,012,000 as at 1 July 2015 was recoverable as no documentation on impairment assessment on the deposits as at 1 July 2015 was made available to us. Therefore, we were unable to satisfy ourselves as to whether the carrying amount of the deposits as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(vi) Properties for sale

The gross carrying amount and net carrying amount of the properties for sale as at 1 July 2015 of approximately RMB5,830,000 and RMBNil respectively were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of derecognition of the gross and net carrying amounts of the properties for sale as at 1 July 2015; (ii) the validity of the gross carrying amount of the properties for sale which were brought forward from previous years, including the validity of (a) the recognition of the properties for sale in accordance with applicable IFRSs; and (b) the commercial terms arrived at under the properties for sale and whether the counterparties involved were related to related parties of the Group in accordance with IAS 24; and (iii) the basis for the determination that the recoverable amount of the properties for sale was nil as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amount of on the properties for sale as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(vii) Inventories

The gross and net carrying amounts of the inventories as at 1 July 2015 of approximately RMB106,033,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the inventories as at 1 July 2015; (ii) the validity of the gross and net carrying amounts of the inventories as at 1 July 2015 which were brought forward from previous years, including the components of the inventories and the validity of the commercial terms arrived at in acquiring the inventories and whether the vendors of the inventories were related to related parties of the Group in accordance with IAS 24; (iii) the basis for the determination that the carrying amounts of the inventories of approximately RMB106,033,000 as at 1 July 2015 was recoverable as no documentation on impairment assessment of inventories as at 1 July 2015 was made available to us. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the inventories as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(viii) Trade and other receivables

The gross and net carrying amounts of the trade and other receivables as at 1 July 2015 of approximately RMB194,535,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the gross and net carrying amounts of the trade and other receivables as at 1 July 2015; (ii) the validity of the gross and net carrying amounts of the trade and other receivables which were brought forward from previous years, including the nature of the trade and other receivables, the validity of the commercial terms arrived at under the trade and other receivables, the identity of the debtors and whether the debtors were related to related parties of the Group in accordance with IAS 24; and (iii) the basis for the determination that the carrying amount of the trade and other receivables of approximately RMB194,535,000 as at 1 July 2015 was recoverable as no documentation on impairment assessment on the trade and other receivables as at 1 July 2015 was made available to us. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the trade and other receivables and nil impairment loss on the trade and other receivables as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(ix) Cash and cash equivalents

The carrying amounts of the cash and cash equivalents as at 1 July 2015 of approximately RMB864,883,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of derecognition of the cash and cash equivalents as at 1 July 2015; and (ii) the completeness, existence and recording accuracy of the balances and the transactions of the cash and cash equivalents as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts and the transactions of the cash and cash equivalents as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(x) Trade and other payables

The gross and net carrying amounts of the trade and other payables as at 1 July 2015 of approximately RMB136,310,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the trade and other payables as at 1 July 2015; (ii) the validity of the carrying amounts of the trade and other payables which were brought forward from previous years, including the nature of the trade and other payables, the validity of the commercial terms arrived at under the trade and other payables, the identity of the creditors and whether the creditors were related to related parties of the Group in accordance with IAS 24; and (iii) the completeness and recording accuracy of the balances and the transactions incurred under the trade and other payables as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts and the transactions of the trade and other payables as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(xi) Statutory reserve

The carrying amount of the statutory reserve as at 1 July 2015 of approximately RMB136,625,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the movement of the statutory reserve for the year ended 30 June 2016 and whether it was in compliance with the relevant laws and regulations; (ii) the basis of determining the amount for the movement in the statutory reserve; and (iii) the validity and correctness of the carrying amounts of the statutory reserve as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amount of the statutory reserve as at 1 July 2015 and the movement of the statutory reserve for the year ended 30 June 2016 respectively were free from material misstatements.

Furthermore, the closing balances as at 30 June 2017 and 2016 of the assets and liabilities of the Group entered into the determination of the financial performance of the Group for the current financial year ended 30 June 2018 and have carryforward effects on the closing balances of the assets and liabilities of the Group as at 30 June 2018. Any adjustments found to be necessary to the closing balances as at 30 June 2017 and 2016 in respect of the matters described in paragraphs (a) to (n) herein may significantly affect the balance of reserves of the Group as at 1 July 2017, the Group's results and cash flows for the years ended 30 June 2018 and 2017 and the closing balances of assets and liabilities as at 30 June 2018 and 2017 and related disclosures in the notes to the consolidated financial statements of the Group for the years ended 30 June 2018 and 2017 and hence would have consequential effects on the loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2018 and 2017 and the net liabilities of the Group as at 30 June 2018 and 2017.

c) Compliance with IFRSs and applicable laws and regulations

As disclosed in note 2 to the consolidated financial statements, the consolidated financial statements of the Group have been prepared by the directors of the Company under the circumstances of limited financial information concerning the books and records of the Deconsolidated Subsidiaries and the lack of response from management of the Deconsolidated Subsidiaries to the requests for information and explanations concerning the books and records of the Deconsolidated Subsidiaries. The Board believed it was not practicable to ascertain the correct amounts and balances of the Deconsolidated Subsidiaries for inclusion in the consolidated financial statements.

As disclosed in note 2 to the consolidated financial statements, Mr. Man requested Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity of the Arrangements, which allegedly had been in existence since February 2010, including the validity of the commercial terms arrived at under the Arrangements and whether Mr. Man and the previous shareholders of Beihai Perfuming Garden were related to related parties of the Group in accordance with IAS 24 or connected parties as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"). In addition, the Company was made aware of a PRC court order requiring Tianyang Perfuming Garden to repay a loan of RMB17 million and the interests in arrears pursuant to a loan facility agreement dated 1 June 2016 entered into with a person called Xue Zhen. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity of the loan facility agreement, including the validity of the commercial terms arrived at under the loan facility agreement, and whether the lender Xue Zhen was related to related parties of the Group as defined under IAS 24 or connected parties as defined under the Hong Kong Listing Rules.

The matters described above also caused the Board to believe it was unable to assert that the consolidated financial statements complied with IFRSs, or that the disclosure requirements of the Hong Kong Companies Ordinance and the Hong Kong Listing Rules had been complied with. Accordingly, the notes to the consolidated financial statements do not contain the statement of compliance with IFRSs and these disclosure requirements. This constitutes a non-compliance with the relevant disclosure requirements to state such compliance in the consolidated financial statements.

Further, due to the lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there was non-compliance with applicable laws and regulations by the Deconsolidated Subsidiaries and hence about the completeness of any actual or contingent liabilities in the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there existed unrecorded provisions or undisclosed contingent liabilities and hence whether there were material misstatements of the consolidated financial statements due to non-compliance with laws and regulations. Any adjustments found to be necessary may have a consequential significant effect on the net liabilities of the Group as at 30 June 2018 and 2017 and of the loss and other comprehensive income and cash flows of the Group for the years then ended and the related disclosures thereof in the consolidated financial statements.

d) Re-consolidation of a deconsolidated subsidiary

As disclosed in note 28 to the consolidated financial statements and in the Company's announcement dated 31 October 2017, the Group resumed the control over Lucky Team Hepu on 28 September 2017 (the "**Resumed Date**"). Due to the lack of access to complete books and records of Lucky Team Hepu for periods up to the Resumed Date, the Group had to undertake efforts to reconstruct the books and records of Lucky Team Hepu. As at the date of this report, the reconstruction of the books and records could not be completed, hence the Board considered that the Group still did not have the necessary information about the transactions and account balances of Lucky Team Hepu for inclusion in the consolidated financial statements of the Group for all periods prior to the Resumed Date. Instead, the financial statements of Lucky Team Hepu would be included in the consolidated financial statements of the Group only with effect from the Resumed Date. On the Resumed Date, the Group recorded (i) property, plant and equipment of approximately RMB102,675,000 including bearer plants of approximately RMB52,950,000; (ii) amount due from the Company (which was eliminated on consolidation) of approximately RMB31,072,000; (iii) cash and bank balances of approximately RMB4,109,000; (iv) amount due to the Agriculture Company of approximately RMB4,574,000; and (v) amounts due to the Deconsolidated Subsidiaries of approximately RMB365,000,000 (collectively, the "**Assets and Liabilities**").

Due to the circumstances of the lack of access to complete books and records of Lucky Team Hepu for periods up to the Resumed Date and the inability to complete the work to reconstruct the books and records, the Board is unable to ascertain the completeness and recording accuracy of the Assets and Liabilities as at the Resumed Date. Furthermore, the balances of the Assets and Liabilities recognized by the Group on the Resumed Date entered into the determination of the financial performance of the Group for the year ended 30 June 2018 and have carryforward effects on the closing balances of the assets and liabilities of the Group as at 30 June 2018. We have been unable to carry out alternative audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity, accuracy and completeness of the carrying amounts of the Assets and Liabilities at the Resumed Date which were recognized by the Group in the consolidated financial statements as disclosed in note 28 to the consolidated financial statements and the carryforward effects on the closing balances of the assets and liabilities of the Group as at 30 June 2018; (ii) whether the suppliers and counterparties in relation to the Assets and Liabilities were related to related parties of the Group in accordance with IAS 24; (iii) the effects of the transactions of Lucky Team Hepu that occurred between 1 July 2015 to the Resumed Date on the Assets and Liabilities of Lucky Team Hepu, including how the amount due to the Deconsolidated Subsidiaries became approximately RMB365,000,000 as at the Resumed Date; and (iv) the validity and recording accuracy of the net liabilities resumed, represented by the net carrying amount of the Assets and Liabilities, of approximately RMB231,718,000 which was recognised as an expense in the consolidated statement of profit or loss of the Group for the financial year ended 30 June 2018. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the Assets and Liabilities recognised on the Resumed Date and as at 30 June 2018 and the financial performance of Lucky Team Hepu included in consolidated profit or loss of the Group were free from material misstatements.

Further, as explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries including Lucky Team Hepu, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the years ended 30 June 2017 and 2016. Had Lucky Team Hepu been consolidated, the resumption of control over Lucky Team Hepu on 28 September 2017 would not have been recorded and presented in note 28 as an acquisition on the Resumed Date and the loss on resumption of control of approximately RMB231,718,000 would not have been recognized as such in the consolidated statement of profit or loss of the Group for the financial year ended 30 June 2018. However, due to the lack of access to complete books and records and management personnel of Lucky Team Hepu prior to the Resumed Date made available to us, we are unable to determine the effects of these matters.

Any adjustments found to be necessary may have a consequential significant effect on the net liabilities of the Group as at 30 June 2018 and 2017 and of the loss and other comprehensive income and cash flows of the Group for the years then ended and the related disclosures thereof in the consolidated financial statements.

e) Gain on bargain purchase in respect of acquisition of the Agriculture Company

As set out in notes 17 and 27 to the consolidated financial statements, on 3 January 2017, the Group entered into (i) a sales and purchase agreement in respect of the acquisition of Guangxi Hepu Guanhua Agriculture Co. Ltd. (廣西合浦冠華農業有限公司) (the "**Agriculture Company**") (collectively, the "**Agriculture Company Acquisition**"); and (ii) an agreement pursuant to which the vendor of the Agriculture Company Acquisition has agreed to hold the entire equity interests in the Agriculture Company for the benefit of the Group during the process of the transfer of the equity interests of the Agriculture Company. A director of the Company's subsidiary had been appointed as the chief operating officer of the Agriculture Company with effect from 3 January 2017 and all the company chops, business licenses, information on bank accounts and leasehold property agreement of the Agriculture Company have been handed over to the Company. On 18 September 2017 (the "**Acquisition Date**"), the legal process for the transfer of the equity interests of the Agriculture Company was completed and 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 also changed to the Company's nominated representative. Both of these changes were reflected on public records of the State Administration for Industry and Commerce at Beihai City and Hepu County of the PRC with effect from that date. The Group recognised a gain on bargain purchase of approximately RMB30,691,000 upon the application of the acquisition method of accounting to the Agriculture Company Acquisition on the Acquisition Date. The gain was recognized in the consolidated statement of profit or loss of the Group for the year ended 30 June 2018. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the nature and substance of the gain and hence as to whether the recognition of the gain in consolidated profit or loss as a gain on bargain purchase was appropriate. Any adjustment found to be required may have consequential significant effect on the gain on bargain purchase recognized in consolidated profit or loss and other elements presented in the consolidated financial statements and hence on the Group's loss, changes in equity and cash flows for the year ended 30 June 2018.

f) Amounts due to the Deconsolidated Subsidiaries

As disclosed in note 24 of the consolidated financial statements, the Group recorded amounts due to the Deconsolidated Subsidiaries of approximately RMB571,422,000 and RMB237,514,000 as at 30 June 2018 and 2017. As further disclosed in note 2 to the consolidated financial statements, the directors of the Company have been unable to gain access to complete books and records of the Deconsolidated Subsidiaries and have been unable to obtain information and explanations from the management of the Deconsolidated Subsidiaries on matters concerning the books and records of the Deconsolidated Subsidiaries. Due to these factors, we have not been able to obtain sufficient appropriate audit evidence to determine the validity and completeness of the amounts due to the Deconsolidated Subsidiaries as at 30 June 2018 and 2017 and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the years ended 30 June 2018 and 2017 which had not been accounted for in accordance with the requirements of applicable IFRSs and which had not been disclosed or transacted in compliance with the Hong Kong Listing Rules. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts due to the Deconsolidated Subsidiaries were free from material misstatements. Any adjustments found to be required may have consequential significant effects on the balances of the amounts due to the Deconsolidated Subsidiaries, the recorded amounts and description of the relevant transactions with the Deconsolidated Subsidiaries as at and for the years ended 30 June 2018 and 2017 and other elements in the consolidated financial statements for the years ended 30 June 2018 and 2017 and hence on the net liabilities of the Group as at 30 June 2018 and 2017 and loss and other comprehensive income and cash flows of the Group for the years then ended and the related disclosures thereof in the consolidated financial statements.

g) Amounts due from the Deconsolidated Subsidiaries

As disclosed in notes 2 and 10 to the consolidated financial statements, an impairment loss for the amount due from the Deconsolidated Subsidiaries of approximately RMB1,250,898,000 was provided in the consolidated financial statements during the year ended 30 June 2016. The directors of the Company have been unable to gain access to complete books and records of the Deconsolidated Subsidiaries and have been unable to obtain information and explanations from management of the Deconsolidated Subsidiaries on matters concerning the books and records of the Deconsolidated Subsidiaries. Given these circumstances, the directors of the Company considered that the Group does not possess relevant information about the Deconsolidated Subsidiaries' financial position and financial ability to repay for the purpose of impairment assessments of the receivable balances to be carried out and the recoverability of the outstanding balances as at 30 June 2016 to be assessed. Accordingly, the directors of the Company have recognised the impairment loss in the year ended 30 June 2016 to fully write down the amounts due from the Deconsolidated Subsidiaries as no settlement was recorded up to the date of approval of the consolidated financial statements for the year ended 30 June 2016.

Due to the circumstances as described herein, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves about the validity and completeness of the gross carrying amount of the amounts due from the Deconsolidated Subsidiaries of approximately RMB1,250,898,000 as at 30 June 2018 and 2017 and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the years ended 30 June 2018 and 2017 which were not accounted for in accordance with IFRSs or disclosed or otherwise treated in compliance with the applicable Hong Kong Listing Rules. In addition, as impairment assessment on the balances owed by the Deconsolidated Subsidiaries as at the end of the reporting periods could not practicably be carried out by management of the Group under these circumstances, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the recoverable amounts of the balances due from the Deconsolidated Subsidiaries were nil as at 30 June 2018 and 2017 and 1 July 2016 and that the impairment loss recognised in respect of the amounts due from the Deconsolidated Subsidiaries was properly assessed in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts due from the Deconsolidated Subsidiaries as at 30 June 2018 and 2017 and the nil impairment loss recognised in respect of these amounts due from the Deconsolidated Subsidiaries for the years then ended were free from material misstatements and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries for the years ended 30 June 2018 and 2017. Any adjustments found to be required may have consequential significant effects on the balances of the amounts due from the Deconsolidated Subsidiaries and the impairment loss in respect thereof, the recorded amounts and description of the relevant transactions entered into with the Deconsolidated Subsidiaries for the years ended 30 June 2018 and 2017 and other elements in the consolidated financial statements for the years ended 30 June 2018 and 2017 and hence on the net liabilities of the Group as at 30 June 2018 and 2017 and the loss and other comprehensive income and cash flows of the Group for the years then ended, and the related disclosures thereof in the consolidated financial statements.

h) Interests in subsidiaries and amount due to the Deconsolidated Subsidiaries

Included in the statement of financial position of the Company as disclosed in note 29 to the consolidated financial statements were (i) investment in subsidiaries of gross carrying amount of approximately RMB4,064,410,000 and RMB4,064,410,000 at 30 June 2018 and 2017 respectively; (ii) accumulated impairments of interests in subsidiaries of approximately RMB4,063,410,000 and RMB4,063,410,000 at 30 June 2018 and 2017 respectively; and (iii) amount due to the Deconsolidated Subsidiaries of approximately RMB31,072,000 as at 30 June 2018 and 2017. Impairment losses in respect of the interests in subsidiaries of approximately RMBNil and RMB14,037,000 were recognised by the Company for the years ended 30 June 2018 and 2017 respectively.

As disclosed in note 29 to the consolidated financial statements, the cost of investment in subsidiaries of the Company as at 30 June 2018 represented the investment cost in the equity interests in wholly owned subsidiaries directly held by the Company. These subsidiaries are investment holding companies and the investment costs were utilised by them, to a large extent, as investment costs in and loans and advances to the Deconsolidated Subsidiaries. As disclosed in note 2 to the consolidated financial statements, the directors of the Company have been unable to gain access to complete books and records of the Deconsolidated Subsidiaries and have been unable to obtain information and explanations from management of the Deconsolidated Subsidiaries on matters concerning the books and records of the Deconsolidated Subsidiaries. Given these circumstances, the directors of the Company considered that the Group does not possess relevant information about the Deconsolidated Subsidiaries' financial position and financial ability to repay to enable impairment assessments of the Company's investment cost in its subsidiaries to be carried out. Accordingly, the directors of the Company have recognised impairment loss to fully write down the investment cost in subsidiaries as at 30 June 2018 and 2017.

Due to the circumstances as described herein, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves about the validity and completeness of the investment costs in subsidiaries as at 30 June 2018 and 2017. In addition, as no documentation on impairment assessment of the interests in subsidiaries as at 30 June 2018 and 2017 was made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the recoverable amounts of the interests in subsidiaries were properly assessed as at 30 June 2018 and 2017. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the interests in subsidiaries as at 30 June 2018 and 2017, and the impairment loss recognised in respect of these interests in subsidiaries were free from material misstatement. Any adjustments found to be required may have consequential significant effects on the interests in subsidiaries and the impairment loss in respect thereof as at 30 June 2018 and 2017 and hence on the net liabilities of the Company as at 30 June 2018 and 2017 and related disclosures thereof in the consolidated financial statements.

i) Share premium

As disclosed in the consolidated statement of change in equity for the year ended 30 June 2017, the Group recorded share premium of approximately RMB3,698,234,000 as at 30 June 2017 and 1 July 2016. However, as disclosed in note 22(a) of the consolidated financial statements, the Company recorded share premium of approximately RMB3,711,195,000 as at 30 June 2017 and 1 July 2016. The difference between the balances of the share premium accounts of the Group and the Company was due to amounts of approximately RMB12,961,000 in relation to costs incurred during the initial public offering ("**IPO**") of the Company which were borne by certain subsidiaries of the Company and not recharged to the Company. During the year ended 30 June 2018, the Group eliminated the difference between the recorded balances of the share premium accounts of the Group and the Company by charging the amount of approximately RMB12,961,000 directly against accumulated losses of the Group attributable to the relevant subsidiaries. We have not been able to obtain sufficient appropriate audit evidence to support the validity and recording accuracy of the amount of approximately RMB12,961,000 previously charged directly to the Group's share premium account, including the nature of these IPO costs and whether they qualified as IPO expenses that could be treated as deductions from the share premium account of the Group rather than as expenses in profit or loss in previous years. Hence, we were unable to determine whether (i) the different balances in the share premium accounts of the Group and of the Company as at 30 June 2017 and 1 July 2016 and (ii) the reserve movement during the year ended 30 June 2018 of approximately RMB12,961,000 of the IPO costs to accumulated losses of the Group attributable to relevant subsidiaries were free from material misstatements. Any adjustments found to be required may have consequential significant effects on the balance of the share premium of the Group as at 30 June 2017 and other elements in the consolidated financial statements for the years ended 30 June 2018 and 2017.

j) Share options reserve

Included in the consolidated statement of change in equity of the Group for the year ended 30 June 2018 were share options reserve with carrying amount of approximately RMB65,488,000 as at 30 June 2018 (2017: RMB87,540,000). During the year ended 30 June 2018, the Group transferred an amount of approximately RMB20,841,000 (2017: RMBNil) and RMB1,211,000 (2017: RMB713,000) from share options reserve to accumulated loss for share options lapsed and share options cancelled respectively. As disclosed in note 2 to the consolidated financial statements, the directors of the Company have been unable to obtain information and explanations from management of the Deconsolidated Subsidiaries on matters concerning the books and records of the Deconsolidated Subsidiaries, including the identity and relationship with the Group of the grantees and whether they were employees of the Group up to the end of the reporting periods. Given these circumstances, the directors of the Company were unable to identify the identities of the grantees and confirm the validity and related amounts recognised in the consolidated financial statements in respect of these share options. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the identities of the grantees and recording accuracy of the number of share options outstanding at 30 June 2018 and 2017 and 1 July 2016; (ii) the validity and accuracy of the movements of the share options reserve in respect of the share options lapsed or cancelled during the years ended 30 June 2018 and 2017; and (iii) the basis of determining the amounts of the movements in the share options reserve in respect of share options lapsed and share options cancelled of approximately RMB20,841,000 and RMB1,211,000 respectively during the year ended 30 June 2018 and of RMBNil and RMBNil respectively during the year ended 30 June 2017. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts and movements of the share options reserve of the Group as at and for the years ended 30 June 2018 and 2017 were free from material misstatements. Any adjustments found to be necessary to the carrying amounts or movements may have a consequential significant effect on the loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2018 and 2017, balance of the share options reserve as at 30 June 2018 and 2017 and other elements in the Group's consolidated financial statements for the years ended 30 June 2018 and 2017.

k) Contingent liabilities and commitments

As explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the years ended 30 June 2018 and 2017. Had these subsidiaries been consolidated, the contingent liabilities of the Deconsolidated Subsidiaries and commitments of the Group as disclosed in notes 10(b) and 25 respectively to the consolidated financial statements which related to the Deconsolidated Subsidiaries should include the contingent liabilities and commitments of these subsidiaries. Further, the contingent liabilities and commitments of these subsidiaries may affect or involve the entities included in the consolidated financial statements. Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the contingent liabilities of the Deconsolidated Subsidiaries and commitments of the Group as disclosed in notes 10(b) and 25 respectively to the consolidated financial statements which related to the Deconsolidated Subsidiaries. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether there existed other material amounts of contingent liabilities and commitments of the Deconsolidated Subsidiaries as at 30 June 2018 and 2017. Any undisclosed material amounts of contingent liabilities and commitments related to the Deconsolidated Subsidiaries found to be in existence may have consequential significant effects on the fair presentation of the net liabilities of the Group as at 30 June 2018 and 2017 and the loss and other comprehensive income and cash flows of the Group for the years then ended and the related disclosures thereof in the consolidated financial statements.

l) Events after the reporting period

As explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the year ended 30 June 2018. Had these subsidiaries been consolidated, the events after the reporting period of the Group as disclosed in note 30 to the consolidated financial statements should include the events and transactions after the reporting period of these subsidiaries. Further, the events and transactions after the reporting period of these subsidiaries may affect or involve the entities included in the consolidated financial statements.

Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the events and transactions after the reporting period of the Group as disclosed in note 30 to the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there had occurred significant events or transactions during the period from 1 July 2018 to the date of this auditors' report which require disclosure in or adjustments to the consolidated financial statements. Any undisclosed or unadjusted events or transactions related to the Deconsolidated Subsidiaries found to have occurred during this intervening period may have consequential significant effects on the balances presented for the elements in the consolidated financial statements for the years ended 30 June 2018 and 2017 and hence on the net liabilities of the Group as at 30 June 2018 and 2017 and the loss and other comprehensive income and cash flows of the Group for the years then ended or on the fair presentation of these net liabilities, loss and other comprehensive income and cash flows and the related disclosures in the consolidated financial statements.

m) Related party transactions

As explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the years ended 30 June 2018 and 2017. Had these subsidiaries been consolidated, the related party transactions and balances as disclosed in note 26 to the consolidated financial statements should include the transactions and balances of these subsidiaries with related parties of the Group. Further, the related party transactions and balances of these subsidiaries may affect or involve the entities included in the consolidated financial statements. Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there were material related party transactions and balances of the Deconsolidated Subsidiaries and hence about the completeness of the related party transactions and balances as disclosed in the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there existed material related party transactions and balances of the Deconsolidated Subsidiaries which require disclosure in the consolidated financial statements. Any undisclosed transactions or balances related to the Deconsolidated Subsidiaries found to have occurred or existed may have consequential significant effects on the fair presentation of the net liabilities of the Group as at 30 June 2018 and 2017 and the loss and other comprehensive income and cash flows of the Group for the years then ended and the related disclosures thereof in the consolidated financial statements.

n) Going concern basis of accounting

As disclosed in note 2 to the consolidated financial statements, (i) the Group incurred a loss attributable to the owners of the Company of approximately RMB221,792,000 for the year ended 30 June 2018 and, as of that date, the Group's total liabilities exceeded its total assets by approximately RMB433,256,000; and (ii) the Company's shares have been suspended from trading on The Stock Exchange of Hong Kong Limited with effect from 29 September 2016. The directors of the Company were also unable to represent that all present and contingent liabilities of the Group have been completely identified. Any adjustments found to be necessary to the Group's results for the year ended 30 June 2018 and closing balances of its assets and liabilities as at 30 June 2018 of the matters described in the paragraphs above may cause the operating results, liquidity position and financial position of the Group as presented in the consolidated financial statements for the year ended 30 June 2018 to be adversely affected. These conditions indicate the existence of material uncertainties which may cast significant doubts about the Group's ability to continue as a going concern. Notwithstanding the abovementioned, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to successfully operate of the Group's future business and generate adequate cash flows. As of the date of this announcement, we have not obtained the Group's cash flow forecast, including related detailed reasonable and supportable bases for the underlying data and assumptions, which are necessary for us to assess the appropriateness of the use of the going concern assumption in the preparation of the consolidated financial statements. Because of the significance of these matters, we were unable to satisfy ourselves as to whether the use of going concern assumption in the preparation of the consolidated financial statements was appropriate. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

Report on Other Matters Under Sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the items stated under Basis for Disclaimer of Opinion for the year ended 30 June 2018,

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether proper books of account had been kept for the year ended 30 June 2018.

OTHER INFORMATION

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 any of such listed securities during the year ended 30 June 2018.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Hong Kong Listing Rules.

During the year ended 30 June 2018, the Company has complied with the Code Provisions of the CG Code, except for the following deviations:

Code Provision A.2.1

Mr. Ng Ong Nee, 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 Independent Non-executive Directors ("**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 deconsolidated subsidiaries of the Group in the PRC 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 deconsolidated 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 financial year 2015/16, the auditors of the Company reported that: (i) a director of certain deconsolidated PRC subsidiaries of the Group had alleged that there were inaccuracies in the books and records of certain deconsolidated subsidiaries of the Group and (ii) a finance manager of certain deconsolidated PRC subsidiaries of the Group had sent written correspondence to the auditors of the Company 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 PRC to handle those disputes issues arose and there were judgments of certain litigations granted in favour of the Group (the "**Beihai Minority Disputes**"). Those PRC subsidiaries were deconsolidated in the Company's financial statements for the year ended 30 June 2016. In late September 2017, the Group regained the control of a major PRC subsidiary, Lucky Team Hepu, and retrieved back the financial and legal records of Lucky Team Hepu from 1 January 2017 onwards successfully. As a result, the Company had re-consolidated the financial results of Lucky Team Hepu in the Group's consolidated financial statements from 28 September 2017 onwards.

Details of the legal procedures and progress of audit work 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, 29 June 2018 and 1 August 2018 respectively.

Code Provision C.1.3

Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, they should be clearly and prominently disclosed. Due to the Beihai Minority Disputes arose in September 2016 and the subsequent deconsolidation of those uncooperative PRC subsidiaries from the financial year ended 30 June 2016, the financial performance of the remaining group was adversely affected. It was noted that the Group's total liabilities exceeded its total assets substantially in the financial years of 2015/16 and 2016/17. Those liabilities were mainly due to the deconsolidated subsidiaries. However, the Group did not incur any debt instrument nor any bank borrowings. Instead, the Group had sufficient funding for operation in the coming twelve months. After the regain of control of a major subsidiary, Lucky Team Hepu, in late September 2017, the Directors believed that by implementing new marketing strategy on the current business segment, together with possible restructure of the Group and stringent cost control, the Group should be able to turn around the situation and continue its operation.

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 certain financial, legal and administration records of certain deconsolidated PRC subsidiaries, except Lucky Team Hepu which was retrieved back in late September 2017 and its results had been re-consolidated to the Group in this financial year as mentioned in the aforesaid paragraph, which affected the execution of an effective annual review of the internal control and risk management systems of the Group in the financial year 2015/16. As mentioned in the aforesaid paragraph, the Company had engaged legal professional in 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. On the other hand, the Group has implemented a revised and strengthened internal control system and engaged an external professional accounting firm to conduct annual review of the internal control and risk management systems of the Group (excluded those deconsolidated subsidiaries) commencing from the financial year 2016/17 onwards.

Code A.6.7

INEDs and other non-executive directors should attend general meetings of the Company and develop a balanced understanding of the views of the shareholders. Although the INEDs were unable to attend the annual general meeting (the "**AGM**") of the Company in 2017, the senior management of the Company had reported all special enquiries from the shareholders and acted as the communication bridge between the shareholders and the INEDs so that the INEDs could aware and understand the view of the shareholders accordingly.

Code E.1.2

The chairman of the Board should attend the AGM of the Company. Although the Chairman of the Company was unable to attend the AGM, he had nominated the Deputy Chief Executive Officer as his alternate to attend the AGM and to provide response in respect of any information required by the shareholders of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules 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 year ended 30 June 2018.

Further to the information disclosed in this announcement, the Board wishes to provide to shareholders and potential investors of the Company the following updates and supplementary information as set out on pages 58 to 64. Reference is made to the announcements of the Company dated 30 June 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018, 29 June 2018 and 1 August 2018, in relation to, among others, the suspension of trading in the shares of the Company on the HKEx (collectively, the "**Announcements**").

DISCLAIMER OF OPINION FROM THE AUDITORS OF THE COMPANY

As disclosed in the announcement of the Company dated 12 July 2018 in respect of the annual results of the Group for the years ended 30 June 2016 and 2017 and this announcement, the auditors of the Company, HLB Hodgson Impey Cheng Limited, had issued a disclaimer of opinion on the consolidated financial statements of the Group for the years ended 30 June 2018, 30 June 2017 and 30 June 2016. Nonetheless, the Company has proposed plans to the auditors of the Company and is taking actions to address the audit qualification for the year ending 30 June 2019 with the aim to removing all audit qualifications over the next two years.

Set forth below are details of the plans proposed with the current status and the expected timeline for each plan:

Regarding the disclaimer opinion on (a) compliance with relevant accounting standards and applicable laws and regulations; (b) authenticity, completeness, and accuracy of accounting records; (c) disclosure of comparable figures; (d) current accounts with the Deconsolidated Subsidiaries; and (e) completeness of events after the reporting period, commitments, contingent liabilities, related party transactions and unrecorded liabilities relevant to the following events: (i) deconsolidation of the Deconsolidated Subsidiaries including Beihai Perfuming Garden and its subsidiaries, Tianyang Perfuming Garden, Lucky Team (Hepu) Agriculture Development Limited* (利添良繁(合浦)農業發展有限公司), Litian Biological Science & Technology Development (Xinfeng) Company Limited* (利添生物科技發展(信豐)有限公司) and Lucky Team Biotech Development Yongzhou Limited* (永州利添生物科技發展有限公司) (collectively the "Current Deconsolidated Subsidiaries"); and (ii) resumption of control of Lucky Team Hepu.

Proposed plan		Current status	Indicative expected timeline
(a)	To dispose the Current Deconsolidated Subsidiaries to third party purchaser(s).	Ongoing. The Company has been seeking potential purchaser(s).	To complete the disposal(s) as soon as possible within the financial year ending 30 June 2019.
(b)	To consider and explore restructuring Lucky Team Hepu.	Ongoing.	To complete as soon as possible within the financial year ending 30 June 2019.

Regarding the disclaimer of opinion on going concern

Proposed Plan	Current status	Indicative expected timeline
(a) To complete the disposal(s) as referred to in section headed "Disclaimer of Opinion from the Auditors of the Company" above in this announcement. The Group is expected to have net assets upon the disposal(s) and generate sufficient cash flow to meet the future working capital needs for the twelve months following 30 June 2019.	Ongoing.	Within the financial year ending 30 June 2019.
(b) To maintain the levels of revenue and profit generated from the existing operations of planting, cultivation and sales of agricultural products and to explore opportunity(ies) to expand the businesses of other operating subsidiaries of the Group such as the fruit trading business.	Ongoing.	Within the financial year ending 30 June 2019.

The Company has discussed the aforesaid plan with the auditors of the Company, and the auditors of the Company are in agreement with the plan proposed by the Company to address the audit qualification. The Company is currently of the view that no alternative plan is required since the proposed plan depicted in section headed "Disclaimer of Opinion from the Auditors of the Company" above in this announcement can fulfil the requirements with regard to the removal of disclaimer of opinion.

The Company will publish announcements to update its shareholders of the result of each relevant proposed action plan as and when appropriate in compliance with the requirements under the Hong Kong Listing Rules.

THE DECONSOLIDATED SUBSIDIARIES

Lucky Team Hepu

As disclosed in the Announcements, the directors of the Company considered that the Group has resumed control over Lucky Team Hepu as from 28 September 2017. Lucky Team Hepu has no subsidiary. Set forth below is the list of subsidiaries which the Company has no control over as at the date of this announcement, and their respective contribution to the Group's revenue, profit, and assets in the year ended 30 June 2015.

	Revenue *RMB'000*	**Net profit/ (loss)** *RMB'000*	**Total assets** *RMB'000*
Litian Biological Sciences & Technology Development (Xinfeng) Company Limited* 利添生物科技發展(信豐)有限公司	324,834	(304,408)	1,071,008
Lucky Team (Hepu) Agriculture Development Limited* 利添良繁(合浦)農業發展有限公司	1,202	(5,016)	14,908
Lucky Team Biotech Development Yongzhou Limited* 永州利添生物科技發展有限公司	–	(7,344)	1,095,697
Hepu Perfuming Garden Food Co., Ltd.* 合浦果香園食品有限公司	392,297	(21,217)	1,219,817
Beihai Perfuming Garden Juice Co., Ltd.* 北海市果香園果汁有限公司	110,629	(4,234)	626,173
Tianyang Perfuming Garden Food Industrial Co., Ltd.* 田陽果香園食品工業有限公司	50,285	(22,105)	368,502
Beihai Super Fruit Co., Ltd.* 北海盛果商貿有限公司	6,842	(111)	27,364
Lucky Team Industrial (Ganzhou) Company Limited* 利添實業(贛州)有限公司	–	(4,751)	64,675
Elimination of amount on related party transactions	(7,462)	2,510	(596,318)
	878,627	(366,676)	3,891,826
Impairment on goodwill	–	(303,883)	–
Total of the above deconsolidated subsidiaries	878,627	(670,559)	3,891,826
Total of the Group	962,727	(1,223,999)	5,274,657

Efforts made by the Company on consolidating the financial results of Lucky Team Hepu as from the Resumed Date

In respect of the stock take of the total assets and collation of the books and records of Lucky Team Hepu, details of work performed since the Resumed Date are set forth below:

(a) The new management of Lucky Team Hepu had held a meeting with all staff to introduce the newly appointed legal representative and directors of Lucky Team Hepu, and thereafter conducted interviews with each individual staff to gain a better understanding of the existing business operations of Lucky Team Hepu and the current job arrangement for each such individual.

(b) Lucky Team Hepu made a collation of documents found onsite at the Hepu office premises.

(c) Lucky Team Hepu performed orange trees physical inspection at the Hepu Plantation.

(d) Lucky Team Hepu had performed a count of the physical property, plant and equipment onsite, covering buildings, farmland infrastructure and machinery, furniture and fixtures, equipment and motor vehicles onsite at the Hepu office premises and the Hepu Plantation and made a record of the quantities of assets existed thereat.

(e) Lucky Team Hepu performed a count of physical inventory, covering fertilisers, pesticides, fuel, metal hardware and others components at the Hepu Plantation.

(f) The Company engaged a PRC accountant in Shenzhen to discuss the preparation of accounting books and records, financial statements and tax submission in relation to Lucky Team Hepu.

(g) Preliminary discussion was made with a firm of professional valuer in Hong Kong in relation to the valuation of property, plant and equipment, orange trees and agricultural products for the purpose of the accounts of Lucky Team Hepu.

(h) Following the PRC accountant's suggestion on the preparation of accounting books, the Group prepared vouchers, accounting books and records of Lucky Team Hepu based on the accounts and records for the period between January to September 2017 currently available to the Company.

(i) The Company arranged for the valuation of property, plant and equipment, orange trees and agricultural products of Lucky Team Hepu.

(j) The Company arranged for the field audit work on the accounting books and records of Lucky Team Hepu had completed.

Reasons for the disclaimer of opinion on resuming the control of Lucky Team Hepu

Despite the abovementioned effort to reconstruct the books and records of Lucky Team Hepu, some of the accounting records for the period from 1 July 2015 up until the date immediately prior to the Resumed Date were still found to be missing. As a result, the Company was unable to ascertain (1) the validity, accuracy, and completeness of the account balances of the assets and liabilities including the property, plant and equipment and amounts due to the Current Deconsolidated Subsidiaries as at the Resumed Date of Lucky Team Hepu; (2) the completeness of all the transactions of Lucky Team Hepu occurred during the period from 1 July 2015 up until the date immediately prior to the Resumed Date; and (3) effects of all the transactions on the assets and liabilities of Lucky Team Hepu during the period from 1 July 2015 up until the date immediately prior to the Resumed Date.

Efforts made by the Company in respect of the Current Deconsolidated Subsidiaries

In respect of the books and records of the Current Deconsolidated Subsidiaries, details of the major steps taken by the Company are set forth below:

(a) The Company has conducted site visits with PRC lawyers to the offices of the Current Deconsolidated Subsidiaries and Lucky Team Hepu and issued letters (through its PRC lawyers) to the Current Deconsolidated Subsidiaries and Lucky Team Hepu requesting for information but has not yet received any of the requested information.

(b) The Company has considered initiating formal legal procedures to change the relevant senior management members of the Current Deconsolidated Subsidiaries and Lucky Team Hepu. However, the Company was advised by its PRC lawyers that the process would take 12 months or more and may not be the most efficient way to address the current difficulties.

(c) The Company has instituted legal proceedings to enforce information rights of shareholder against Beihai Perfuming Garden and Tianyang Perfuming Garden, the outcome of which were disclosed in the Announcements.

The Company is informed by its PRC lawyers that Beihai Perfuming Garden and Tianyang Perfuming Garden has received the BPG Order on 29 June 2018 and the TPG Order on 19 April 2018 respectively. Pursuant to the BPG Order and the TPG Order, Beihai Perfuming Garden and Tianyang Perfuming Garden shall produce the documents stated in the BPG Order and the TPG Order by 29 July 2018 and 19 May 2018 respectively. However, as at the date of this announcement, neither Beihai Perfuming Garden nor Tianyang Perfuming Garden has produced any documents. As advised by its PRC lawyers, as Beihai Perfuming Garden and Tianyang Perfuming Garden do not comply with the relevant court order, the Group can apply to the relevant court to enforce the BPG Order and TPG Order by 28 July 2020 and 18 May 2020 respectively. The relevant court will usually register the applications within 7 days, then issue the necessary enforcement notices.

As the Company is progressing with the plan of disposal as depicted in section headed "Disclaimer of Opinion from the Auditors of the Company" of this announcement, the Company will evaluate from time to time when is the optimal time to apply to the court for the enforcement notices depending on the progress of the planned disposal.

On the other hand, the Company keeps monitoring the latest development of the Current Deconsolidated Subsidiaries. Based on the public search results on the Administration for Industry and Commerce portal, Beihai Super Fruit Co., Ltd.* (北海盛果商貿有限公司) was wound up and Mr. Man and Ms. Pang Xia* (龐霞女士) are the members of the liquidation team and the current status shows that Beihai Super Fruit Co., Ltd.* (北海盛果商貿有限公司) is deregistered.

COMPLETION OF THE ACQUISITION OF THE AGRICULTURE COMPANY

The Company acquired the Agriculture Company by a sale and purchase agreement (the "**Sale and Purchase Agreement**") executed with the vendor on 3 January 2017 and had received all the statutory and financial documents of the Agriculture Company immediately after execution of the Sale and Purchase Agreement. Then, the Company engaged professional experts in the PRC to proceed the change of the directors and ownership of the Agriculture Company with the relevant PRC government authorities accordingly. The vendor had further executed: (i) a trust agreement in favour of the Company which confirmed holding of the shares in the capital of the Agriculture Company on trust for the Company until the completion of the related share transfer and (ii) a power of attorney which empowered the authorized representative of the Group to have the rights of production, finance, administration and strategy formulation of the Agriculture Company with effect from 3 January 2017 (the "**Transition Arrangement**"). The Company had obtained a PRC legal opinion in favour of the Company on the legal rights and enforcement of the Transition Arrangement. Until 18 September 2017, the legal title of the equity interests of the Agriculture Company was officially 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 was finally reflected on public records of the SAIC at Beihai City and Hepu County of the PRC.

It was noted that during the period from 3 January 2017 to 18 September 2017 (the "**Transition Period**"), the Agriculture Company continued its business operation under the control and supervision of the Group and generated an unaudited net profit of approximately RMB29.0 million which was included in the calculation of gain on bargain purchase of approximately RMB30.7 million recognised in the Group's consolidated statement of profit or loss for the year ended 30 June 2018.

Despite the Company recognized the date of changes of the legal title of the equity interests and the legal representative of the Agricultural Company reflected on the public records of the SAIC (i.e. 18 September 2017) as the completion date of the acquisition and the commencement date of consolidation of the business results of the Agriculture Company, the revenue or profit generated by the Agricultural Company during the Transition Period as reflected in the financial status of the Agriculture Company as at 18 September 2017 attributed to the Group pursuant to the Sale and Purchase Agreement and the Transition Arrangement which was in compliance with the relevant laws in the PRC.

UPDATE ON LEGAL PROCEDURES IN RESPECT OF THE RELEVANT PRC SUBSIDIARIES

Contractual dispute relating to Tianyang Perfuming Garden

The deadline for appeal for the Second TPG Judgment is the date when the 15 days' period (the "**Appeal Period**") to appeal has lapsed since the date of receipt of the order by the last party. If neither parties have lodged an appeal to the judgment within the Appeal Period, the judgment will be effective from the last day of the Appeal Period.

As at the date of this announcement, neither the Company nor its PRC legal advisers has heard from the senior management of Tianyang Perfuming Garden or received a notice of request of appeal from Tianyang Perfuming Garden or its counterparty in the Second TPG Judgment. Furthermore, given that the Company and its PRC legal advisers have no knowledge as to when the Second TPG Judgment was received by the counterparty, it is uncertain to the Company and its PRC legal advisers as to whether the aforesaid Appeal Period has lapsed, and whether the Second TPG Judgment has taken effect.

The Company will continue to monitor the progress of this legal procedure as reported to it by and by enquiring the senior management of Tianyang Perfuming Garden, and make announcement(s) to update its shareholders and investors of any material development as and when appropriate.

THE ALLEGATIONS

As stated in the Company's announcement dated 29 September 2016, the auditors of the Company had received the Allegations. The Company has taken a series of actions with the attempt to clarify the Allegations.

However, Mr. Man and the Deconsolidated Subsidiaries have been uncooperative against the actions taken by the Company. In this regard, the Company has engaged an independent professional third party firm to conduct an independent investigation on the Allegations.

The Board is of the view that (i) given the Allegations relate to the Current Deconsolidated Subsidiaries and Lucky Team Hepu and as the Current Deconsolidated Subsidiaries have been deconsolidated from the Group and the management of Lucky Team Hepu has changed since the Resumed Date, the Allegations would not affect the current financial position of the Group. Furthermore, in view of the Company's proposal to carry out the plan of disposal as disclosed in this announcement, the Board considers that the Allegations will no longer be relevant to the Group once the disposals are completed.

GOING CONCERN BASIS OF ACCOUNTING

As disclosed in the aforesaid paragraphs, due to the Beihai Minority Disputes arose in September 2016 and the then deconsolidation of those uncooperative PRC subsidiaries from the financial year ended 30 June 2016, the financial performance of the remaining group was adversely affected.

It was noted that the Group's total liabilities exceeded its total assets substantially in the financial years of 2015/16, 2016/17 and 2017/18. However, those liabilities were mainly due to the deconsolidated subsidiaries of the Group. The Directors and senior management of the Company are striving for best solutions and are actively considering various possible ways to restructure the Group. As at 30 June 2018, the Group did not incur any debt instrument nor any bank borrowings. Instead, the Group would have sufficient funding for operation in the coming twelve months. After resuming control of Lucky Team Hepu in late September 2017, the Company is implementing new marketing strategy on the current business segment, together with possible restructure of the Group and stringent cost control, the Directors believed that the Group should be able to turn around the situation in the foreseeable future and shall continue its operation and business development as well.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Board (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 and the external auditors relating to the annual financial statements, and monitoring the accounting, internal control and risk management systems in use throughout the Group for the year ended 30 June 2018.

The Audit Committee has reviewed with the management regarding the accounting principles and practices adopted by the Group and has also discussed the internal control and financial reporting matters, including the review of the Group's audited consolidated financial statements and annual results for the year ended 30 June 2018.

PUBLICATION OF ANNUAL REPORT

The annual 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, 28 September 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ong Nee (Chairman and Chief Executive Officer) and Mr. Ng Hoi Yue (Deputy Chief Executive Officer); a non-executive director, namely Mr. He Xiaohong; and three independent non-executive directors, namely Mr. Chung Koon Yan, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zhen Han.

* *For identification purposes only*