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 2019

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 2019 together with its comparative figures for the year ended 30 June 2018.

RESULTS OF OPERATIONS

	For the year ended 30 June		
	2019	2018	% change
	(RMB Million)	*(RMB Million)*	
Reported financial information			
Revenue	**52.8**	54.2	-2.6
Other income	**8.6**	3.5	145.7
EBITDA	**552.0**	-210.0	362.9
Profit/(loss) before tax	**541.6**	-221.8	344.2
Profit/(loss) attributable to shareholders	**541.6**	-221.8	344.2
Basic earnings/(loss) per share (RMB)	**0.433**	-0.177	344.6

FINANCIAL POSITION

Total assets	**119.7**	167.0
Net current assets/(liabilities)	**22.9**	-530.1
Cash and cash equivalents	**18.3**	54.7
Shareholders' fund	**105.4**	-433.3
Current ratio (x)	**2.60**	0.12

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I wish to report on the latest development, progress and the annual results of the Group for the year ended 30 June 2019 to the shareholders of the Company.

BUSINESS REVIEW

The Chinese gross domestic product had reached a growth rate of 6.6% in 2018 and remained steady in the first half of 2019. Benefited from the relevant policies promulgated by the People's Republic of China (the "**PRC**") government for the development of agriculture industry, including *the National Plan for Agricultural Modernization (2016-2020), the National Plan for Development of Rural Economy During the 13th Five-year, and the Regional Layout Plan for Competitive Agricultural Products*, the agriculture industry in the PRC has become one of most dynamic and fast-growing industries in the world.

With the persevering efforts of the Directors and senior management of the Company, significant progress had been made in the financial year of 2018/19. Firstly, in July 2018 and October 2018, the Company published the outstanding financial results of the Group, being the audited annual results for the years ended 30 June 2016, 2017 and 2018, and the unaudited interim results for the six months ended 31 December 2016 and 2017, respectively. Secondly, the Group completed the disposals of BPG Food & Beverages Holdings Ltd. and its subsidiaries in May 2019 and Newasia Global Limited and its subsidiaries in June 2019, which included all deconsolidated PRC subsidiaries of the Group (details of which are as disclosed in the "Management Discussion and Analysis" section under the sub-section headed "Other Significant Events" in this announcement).

For the Group's operations, the harvest season of the oranges at the Hepu Plantation (the "**Plantation Operation**") was in the second half of the financial year. During such harvest period, revenue from the Plantation Operation which amounted to approximately RMB35.5 million was generated for the year ended 30 June 2019. In addition, by leveraging on the networks of the distributors of the Plantation Operation in the various regions of the PRC, the Group had opportunities to approach other distributors who were looking for different types of premium fruit from time to time during the year. As such, in September 2018, the Group commenced the fruit distribution business to cater for the demand for different types of premium fruit in the various regions of the PRC (the "**Fruit Distribution Operation**"). The revenue generated from the Fruit Distribution Operation amounted to approximately RMB17.3 million for the year ended 30 June 2019.

PROSPECT

The Group has also been actively exploring the feasibility of the plantation of other types of fruit at the Hepu Plantation to enhance the output capacity of the Plantation Operation. The Group engaged Citrus Research Institute of Chinese Academy of Agricultural Sciences (中國農業科學院柑桔研究所) ("**CRIC**"), which is established by the Ministry of Agriculture of the PRC (中國農業部), to perform a research and analysis for the plantation of dragon fruit in the PRC market. Based on the CRIC's report which indicated the expected growth in the demand for dragon fruit in the PRC in next ten years and the shortage of relevant supply, the Directors are of the view that the plantation of dragon fruit at the Hepu Plantation is feasible and viable, and could improve the revenue for the Plantation Operation. As such, in June 2019, the Group commenced the trial plantation of dragon fruit with a small area at the Hepu Plantation.

On top of the existing wholesale channel for majority of the agricultural products of the Company in the top-tier market in the PRC, the Group will continue to put more effort to strengthen its Fruit Distribution Operation strategically by expanding the distribution channels and networks, which can facilitate the access to potential customers in the different regions of the PRC.

APPRECIATION

On behalf of the Board, I would like to express our sincerest gratitude to our valued shareholders, customers and business partners for your persistent support and trust in the Company. I would also like to express our deepest thankfulness to our strong management team and staff for their enduring dedication to the Group during the past years. We look forward to creating a prosperous future of the Group from the financial year of 2019/20 onwards.

Ng Ong Nee
Chairman

30 August 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 June 2019, the principal business activities of the Group include the Plantation Operation and the Fruit Distribution Operation.

The Plantation Operation is principally engaged in the planting, cultivation and sales of agricultural produce in the PRC market. Currently, the agricultural produces, mainly oranges, are planted and cultivated by the Group at the Hepu Plantation located in Guangxi, the PRC and subsequently wholesaled to certain distributors in the PRC while the Fruit Distribution Operation is principally engaged in the distribution of various high-quality fruit in the PRC. With the development of the Plantation Operation and Fruit Distribution Operation, the Group's own brand "Royalstar 新雅奇" has been widely promoted in the PRC and overseas market and built a reputation for quality of fruit.

In May and June 2019, the Group completed the disposal of (i) entire issued share capital of BPG Food & Beverages Holdings Ltd. ("**BPG**") (the "**First Disposal**") and (ii) entire issued share capital of Newasia Global Limited ("**Newasia Global**") (the "**Last Disposal**") respectively. Upon completion of the First Disposal and the Last Disposal, all the affected PRC subsidiaries (i.e. Beihai Perfuming Garden Juice Co., Ltd.* (北海市果香園果汁有限公司) ("**Beihai Perfuming Garden**"), Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司) ("**Hepu Perfuming Garden**"), Tianyang Perfuming Garden Food Industrial Co., Ltd.* (田陽果香園食品工業有限公司) ("**Tianyang Perfuming Garden**") and Beihai Super Fruit Co., Ltd.* (北海盛果商貿有限公司) ("**Beihai Super**"), Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) ("**Lucky Team Hepu**") over which the Group's control was resumed since 28 September 2017 and of which the financial statements were consolidated into those of the Group since then, Litian Biological Science & Technology Development (Xinfeng) Company Limited* (利添生物科技發展(信豐)有限公司) ("**Litian Xinfeng**"), Lucky Team Biotech Development Yongzhou Limited* (永州利添生物科技發展有限公司) ("**Yongzhou Litian**") and Lucky Team (Hepu) Agriculture Development Limited* (利添良繁(合浦)農業發展有限公司) ("**Liangfan**") (together the "**Deconsolidated Subsidiaries**" or the "**Affected PRC Subsidiaries**")) have been disposed of by the Group.

FINANCIAL REVIEW

Revenue

The Group's operations can be divided into two segments, namely (i) Plantation Operation; and (ii) Fruit Distribution Operation. Below is an analysis of the revenue by segment.

	For the year ended 30 June		
	2019	2018	Change
	RMB'000	*RMB'000*	*%*
Plantation Operation	**35,533**	54,249	-34.5
Fruit Distribution Operation	**17,289**	–	100.0
Total	**52,822**	54,249	-2.6

During the year ended 30 June 2019, the Group recorded revenue of approximately RMB35.5 million (2018: RMB54.2 million) from the Plantation Operation. The decrease was primarily attributable to (i) the decrease in the number of citrus trees as a result of the removal of certain low yield trees in order to improve the cultivation of the Hepu Plantation; (ii) the decrease in the production volume and the increase in the scrap rate for oranges as a result of the abnormal unfavourable weather conditions during the harvest season in 2019, such as low humidity in the first quarter of 2019 and high rainfall in the second quarter of 2019; and (iii) the decrease in the market selling price of oranges during the harvest season in 2019 in the PRC market as a result of the increase in supply of similar type of oranges in the PRC.

After the commencement of the Fruit Distribution Operation in September 2018, the Group recorded revenue of approximately RMB17.3 million from the Fruit Distribution Operation for the year ended 30 June 2019.

Other Income

During the year ended 30 June 2019, the Group recorded other income in the amount of approximately RMB8.6 million (2018: RMB3.5 million) of which approximately RMB8.4 million (2018: RMB2.6 million) was generated from the cooperation agreements with independent farmers.

Gain on bargain purchase

For the year ended 30 June 2019, no gain on bargain purchase was recognised (2018: RMB30.7 million).

Gain arising from disposal of subsidiaries

For the year ended 30 June 2019, the Group recorded a total gain arising from the disposals of subsidiaries of approximately RMB580.5 million (2018: Nil), which comprised a gain on the First Disposal of approximately RMB591.6 million and a loss on the Last Disposal of approximately RMB11.1 million respectively.

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

For the year ended 30 June 2019, gain arising from changes in fair value of biological assets less costs to sell, which represented the net increase of fair value of the oranges when the Group's oranges became mature and were harvested, amounting to approximately RMB10.7 million (2018: RMB32.3 million) was recognised.

Other general and administrative expenses

For the year ended 30 June 2019, the other general and administrative expenses of the Group was approximately RMB31.8 million (2018: RMB27.2 million), which comprised primarily of office administration expenses, staff costs and legal and professional fees, of which the increase of 16.9% from approximately RMB27.2 million to RMB31.8 million was mainly due to the loss on written off of certain property, plant and equipment located at the Hepu Plantation as a result of the cooperation arrangement of certain portion of the plantation.

Distribution and other operating expenses

For the year ended 30 June 2019, the distribution and other operating expenses of the Group was approximately RMB2.0 million (2018: RMB5.2 million) which comprised direct harvest and processing-related expenses.

Loss from operation and profit attributable to shareholders for the year

For the year ended 30 June 2019, loss from operation of the Group was approximately RMB38.9 million (profit for the year of approximately RMB541.6 million after excluding the gain on disposal of subsidiaries of approximately RMB580.5 million) (2018: RMB20.8 million).

For the year ended 30 June 2019, profit attributable to shareholders of the Company was approximately RMB541.6 million (2018: loss attributable to shareholders of the Company of approximately RMB221.8 million). The substantial change in profit/loss attributable to shareholders of the Company was due to the gain arising from the disposals of the subsidiaries of the Group recognised in the year ended 30 June 2019.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 30 June 2019 (2018: Nil).

CAPITAL

As at 30 June 2019, the total number of issued shares of the Company (the "**Shares**") was 1,249,637,884 (2018: 1,249,637,884).

LIQUIDITY, FINANCE RESOURCES AND FINANCIAL RATIOS

Liquidity

As at 30 June 2019, the current ratio and quick ratio were 2.60 and 2.13 respectively (2018: 0.12 and 0.10 respectively).

Gearing ratio and debt ratio

As at 30 June 2019, the Group did not incur any debt instruments nor any bank borrowings. The net cash position of the Group as at 30 June 2019 was approximately RMB18.3 million (2018: RMB54.7 million).

Funding and treasury policy

During the year ended 30 June 2019, the Group had sufficient funds for its operation and would continue to adopt stringent cost control and conservative treasury policies in the forthcoming 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 2019.

Charge on assets

None of the Group's assets were pledged as at 30 June 2019.

Capital commitments

As at 30 June 2019, the Group did not have any capital commitments (2018: RMB13.8 million).

Foreign exchange risk

The Group is exposed to foregin 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 its exposure to exchange rate fluctuation is minimal. Currently, the Group does not use any derivative contracts to hedge against its exposure to currency risk. The 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 which is targeted 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 2019, the total headcount of the Group was 40 (2018: 93, excluding the employees of the deconsolidated Affected PRC Subsidiaries).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2019 (2018: Nil, save and except for the deconsolidated Affected PRC Subsidiaries due to the inability of the Company to gain access to the complete books and records and management personnel of the deconsolidated PRC subsidiaries) following completion of the disposals of all deconsolidated PRC subsidiaries during the year ended 30 June 2019.

OTHER SIGNIFICANT EVENTS

(1) The First Disposal

In December 2017, the Company identified an independent third-party purchaser (the "**First Disposal Purchaser**") for the disposal of BPG and its subsidiaries (collectively, the "**BPG Group**") in which certain deconsolidated Affected PRC Subsidiaries (being Beihai Perfuming Garden, Hepu Perfuming Garden, Tianyang Perfuming Garden and Beihai Super were included. A-One Success Limited, a wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding with the First Disposal Purchaser.

Subsequently in January 2019, a formal sale and purchase agreement was entered into between the same parties, pursuant to which the parties have agreed on the terms and conditions for (i) the disposal of the entire issued share capital of BPG to the First Disposal Purchaser at a consideration of RMB5 million and, (ii) an assumption by the First Disposal Purchaser of all indebtedness owing by A-One Success Limited to BPG at completion (which amounted to approximately RMB278.4 million). The Company has obtained an approval from its shareholders regarding the First Disposal with completion of the same taking place on 9 May 2019. For more details on the First Disposal, please refer to the announcements of the Company dated 21 January 2019 and 9 May 2019 and the circular of the Company dated 17 April 2019.

As a result of the First Disposal, a gain on the First Disposal of approximately RMB591.6 million was recognised for the year ended 30 June 2019. Accordingly, following completion of the First Disposal, the financial position of the Group has turned around from a net liabilities position to a net assets position.

The First Disposal was one of the steps taken by the Group with the view to addressing the Company's auditors' (the "**Auditors**") disclaimer of opinion. Following completion of the First Disposal, all members of the BPG Group ceased to be subsidiaries of the Group (including the aforesaid deconsolidated Affected PRC Subsidiaries) and their respective financial results were no longer consolidated into the consolidated financial statements of the Group.

(2) Hepu Restructuring and the Last Disposal

Hepu Restructuring

The Hepu Plantation, being a prime fruit harvesting area located in Guangxi of the PRC, had since year 2000 been one of the main contributors to the Group's assets and results associated with the sale of fruit operation. However, due to the Group's inability to access the books and records of Lucky Team Hepu during the period from 1 July 2015 to the date of resumption of control on 28 September 2017, Lucky Team Hepu would need to be disposed of by the Group (i.e. the Last Disposal as detailed below) after the Hepu Restructuring.

The restructuring of Lucky Team Hepu (the "**Hepu Restructuring**") mainly involved a transfer of Lucky Team Hepu's assets to Guangxi Hepu Guanhua Agriculture Co., Ltd.* (廣西合浦冠華農業有限公司) (the "**Agriculture Company**") and the entering into of a new cooperation agreement enabling the Agriculture Company to continue to undertake the Group's fruit plantation business at the Hepu Plantation.

The Last Disposal

In June 2019, the Company identified an independent third-party purchaser for the disposal of Newasia Global and its subsidiaries (collectively, the "**Newasia Group**") in which the remaining Affected PRC Subsidiaries (being Lucky Team Hepu, Litian Xinfeng, Yongzhou Litian and Liangfan) are included. As disclosed in the announcement of the Company dated 3 June 2019, Access Fortune Investments Limited ("**Access Fortune**"), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement with an independent third-party purchaser (the "**Last Disposal Purchaser**") on the date of that announcement, pursuant to which Access Fortune agreed to sell, and the Last Disposal Purchaser agreed to purchase the entire issued share capital of Newasia Global; and Access Fortune agreed to assign to, and the Last Disposal Purchaser agreed to accept the assignment of all loans owing by Newasia Global to Access Fortune, for a total consideration of RMB2.00.

Prior to the entering into of the sale and purchase agreement relating to the Last Disposal, the net liabilities of Newasia Group was approximately RMB44.1 million (including the sale loans of approximately RMB39.5 million). Upon completion of the Last Disposal, the Company recognised a loss on the Last Disposal of approximately RMB11.1 million.

Following completion of the First Disposal, the Last Disposal was a subsequent step in the Group's step-by-step plan to addressing the audit qualifications with a view to further addressing the condition imposed by The Stock Exchange of Hong Kong Limited (the "**HKEx**") on the resumption of trading of the Shares. Upon completion of the Last Disposal, all members of the Newasia Group ceased to be subsidiaries of the Group (including the aforesaid remaining Affected PRC Subsidiaries) and their respective financial results were no longer consolidated into the financial statements of the Group.

(3) Suspension of Trading on the HKEx

Trading in the Shares on the Main Board of the HKEx has been suspended since 9:00 a.m. (Hong Kong time) on Thursday, 29 September 2016.

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

Following a suspension of trading in the Shares on Alternative Investment Market ("**AIM**") of the London Stock Exchange at the request of the Company with effect from 13:15 p.m. (UK time) on Wednesday, 28 September 2016, on 29 March 2017, the Shares have been cancelled from trading on AIM of the London Stock Exchange.

(5) Legal Procedures in respect of Deconsolidated Subsidiaries of the Group

Following completion of the First Disposal and the Last Disposal, the Group is no longer related to any legal procedures referred to in the Announcements (as defined below) which concern only the Deconsolidated Subsidiaries as advised by the PRC legal advisers of the Company.

CONDITIONS FOR RESUMPTION OF TRADING OF SHARES OF THE COMPANY

At the request of the Company, trading in the Shares on the HKEx was suspended with effect from 9:00 a.m. (Hong Kong time) on Thursday, 29 September 2016. Trading in the Shares on the HKEx will remain suspended pending the fulfilment of the resumption conditions as stated in the resumption condition announcements of the Company dated 27 January 2017 and 6 September 2018 to the satisfaction of the HKEx, including:

(a) publish all outstanding financial results under the Rules Governing the Listing of Securities on the HKEx ("**Listing Rules**") and address any audit qualifications ("Condition A");

(b) clarify, address and take appropriate actions on the allegations made by Man Guifu* (滿桂富) ("**Man Guifu**") and Chen Deqiang* (陳德強) ("**Chen Deqiang**") ("**Allegations**") ("Condition B");

(c) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules ("Condition C"); and

(d) inform the market of all material information for the shareholders and the investors to appraise the Company's position ("Condition D").

TRANSITIONAL ARRANGEMENTS FOR THE AMENDMENTS TO THE DELISTING FRAMEWORKS

It was noted that the amendments to the delisting framework under the 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 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 Hong Kong Delisting Rules, cancel the Company's listing if trading in the Shares remain suspended for 12 continuous months from the Effective Date. Details of the amendments were disclosed in the Company's announcement dated 27 July 2018. The 12-month period has expired on 31 July 2019. As at the date of this announcement, the Company has made rounds of submissions to the HKEx demonstrating its fulfillment of the resumption conditions. If the HKEx is not satisfied that the Company has fulfilled the resumption conditions, the HKEx may proceed with the cancellation procedures of the Company's listing.

Further to the information disclosed in this announcement, the Board wishes to provide to shareholders and potential investors of the Company the following progress of the resumption plan as below.

References are made to (i) 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, 15 January 2019 and 4 April 2019, in relation to, among others, the suspension of trading in the Shares and updates on legal procedures in respect of certain Affected PRC Subsidiaries; (ii) the announcements dated 1 August 2018, 1 November 2018, 1 February 2019, 2 May 2019 and 2 August 2019 published by the Company in compliance with Rule 13.24A of the Listing Rules; (iii) the announcements of the Company dated 26 March 2019 and 30 July 2019 in relation to, among others, the update on progress of the independent investigation in relation to the Allegations; (iv) the announcements of the Company dated 21 January 2019, 13 March 2019, 27 March 2019, 9 May 2019 and the circular of the Company dated 16 April 2019, in relation to, among others, the First Disposal; (v) the announcement of the Company dated 3 June 2019 in relation to the Last Disposal; and (vi) the announcements of the Company dated 27 January 2017 and 6 September 2018 in relation to, among others, the conditions for resumption of trading of the Shares imposed on the Company by the HKEx (collectively, the "**Announcements**").

Condition A – Audit qualifications

The Auditors had issued the disclaimer of opinions on the consolidated financial statements of the Group for the years ended 30 June 2018, 30 June 2017 and 30 June 2016 (the "**Disclaimer Opinions**").

With a view to addressing the Disclaimer Opinions, the Group has proposed plans to the Auditors and has been taking actions with such plans during the year ended 30 June 2019. As disclosed in the announcements of the Company dated 9 May 2019 and 3 June 2019, completion of the Frist Disposal and the Last Disposal (which formed part of the proposed plan) had taken place on 9 May 2019 and 3 June 2019 respectively. Accordingly, in view of (among others) such development of the actions taken by the Group in regard to the proposed plans and based on the information currently available, the Auditors have confirmed that all the Disclaimer Opinions have been addressed in the below manner:

(a) the Disclaimer Opinions concerning (i) events after the reporting period and (ii) going concern basis of accounting have been removed for the year ended 30 June 2019 and as disclosed in the Announcements, there is an additional disclaimer of opinion on the gain on disposal of subsidiaries for the year ended 30 June 2019 ("**Gain Disclaimer Opinion**"). Please refer to pages 39 to 61 of this announcement for the disclaimer of opinions for the year ended 30 June 2019;

(b) all remaining Disclaimer Opinions and the Gain Disclaimer Opinion will be removed for the year ending 30 June 2020 and as disclosed in the Announcements, there will be a qualified opinion in respect of opening balances and comparable figures for the year ending 30 June 2020 as the accounts for the relevant year will still contain figures from the year ended 30 June 2019; and

(c) the qualified opinion concerning opening balances and comparable figures will be removed for the year ending 30 June 2021.

Based on the above development, the Company is of the view that Condition A has been fulfilled as at 31 July 2019.

Condition B – Allegations

The Company has, through its legal advisor, engaged RSM Corporate Advisory (Hong Kong) Limited ("**RSM**"), an independent professional third party, to conduct an investigation on the Allegations (the "**Investigation**"). For more details on the key scope of works on the engagement of RSM in relation to the Investigation, please refer to the announcement of the Company dated 26 March 2019.

In a report in relation to the Investigation ("**Investigation Report**") issued by RSM on 22 July 2019, RSM stated that it was not in a position to conclude, confirm or reject the Allegations, due to the limitations set forth in the Investigation Report, which has imposed difficulty in the Investigation.

Further, as flagged by RSM in the Investigation Report, its findings include:

(i) Man Guifu* (滿桂富) ("**Man Guifu**") and Chen Deqiang* (陳德強) ("**Chen Deqiang**"), being the management of the Deconsolidated Subsidiaries, ought to be in the position to assist the Company to confirm or reject the Allegations; however, not only have they not done so and failed to provide assistance on the matter, but more disappointingly, it appeared to RSM that they have been the parties whom had created barrier and obstacle to the Group to ascertain their Allegations.

(ii) The complaint in itself exhibited certain suspicions. (a) Firstly, it appeared to RSM that the background surrounding the Allegations is the purported threat made by the "founding minority shareholder" (as stated in the announcement of the Company dated 29 September 2016). Despite that such threat is not entirely clear to RSM, it appears that such purported threat may be directly related to the Allegations and may cast doubt as to the ulterior purpose as well as the genuineness of the Allegations; (b) secondly, it appears that Man Guifu and Chen Deqiang should have been in a position to make their Allegations more concrete or to provide some conclusive evidence to support their complaint, however, it appears that they have deliberately decided to leave their compliant in the current form which is ambiguous and unverifiable; and (c) thirdly, RSM also noted the same tendency and/or behaviour with the customers and/or suppliers who had purportedly tried to back out from what they had previously confirmed and alleged. It seems suspicious to RSM as to why such customers and/or suppliers would confirm certain figures in the first place but decline or refute it afterwards.

In summary, RSM has concluded in the Investigation Report as follows:

(a) RSM is unable to confirm or reject the Allegations due to certain limitations which has imposed difficulty in the Investigation (e.g. inability to access to books and records of and obtain further information of the Affected PRC Subsidiaries (the "**Investigation Limitations**").

(b) In such case, RSM has not identified any individual or management personnel in the remaining Group whom should be held responsible for the Allegations.

(c) RSM further concluded that Man Guifu and Chen Deqiang, who held positions in certain Affected PRC Subsidiaries, may be held responsible for not discharging their respective duties as the management of the Affected PRC Subsidiaries to properly cooperate in the Investigation and the Group's previous requests of accessing the relevant books and records of the Affected PRC Subsidiaries.

(d) RSM further concluded that the Company has already taken various legal actions to regain the control of the relevant Affected PRC Subsidiaries and seek information. In addition, the Company has also engaged PRC lawyers and accountants to assist them to make enquiries to Man Guifu and Chen Deqiang, the Affected PRC Subsidiaries as well as various banks to address the Allegations. Therefore, it appears to RSM that the Company may have exhausted the available options to address the Allegations despite that the information obtained so far is limited.

    Further details of the Investigation were disclosed in the Company's announcement dated 30 July 2019.

After carefully considering the Investigation Report and the findings therein, the management of the Company concluded that, for the reasons below, the Allegations are no longer relevant to the Group:

(a) The Investigation was unable to conclude whether the Allegations are confirmed or rejected due to the Investigation Limitations.

(b) In any event, the Allegations were targeted against the Affected PRC Subsidiaries. Since all of the Affected PRC Subsidiaries have been disposed of in the First Disposal and the Last Disposal by the Group, they are no longer within the Group. As Man Guifu and Chen Deqiang are employees or officers of the Affected PRC Subsidiaries only (which have ceased to be within the Group after the First Disposal and the Last Disposal) and are not employees or officers of any subsidiary of the current Group, they have no impact against the current Group.

Following completion of the Investigation, the Company is of the view that Condition B has been fulfilled.

Condition C – Business operations of the Group

The Group continues with its Plantation Operation and the development of the Fruit Distribution Operation. As part of the Group's efforts in developing its Fruit Distribution Operation, the Company locked in various distribution agreements and received purchase orders in respect of the Fruit Distribution Operation for the purpose of widening its distribution networks in the PRC and to enhance its penetration in the high-quality fruit market.

Attributed to the commencement of (i) the Fruit Distribution Operation in September 2018 and (ii) harvest season of the Plantation Operation during the period from December 2018 to June 2019, the Group has recorded a total revenue of approximately RMB52.8 million for the year ended 30 June 2019. The Company is optimistic and expects that the Plantation Operation and Fruit Distribution Operation are to generate sufficient revenues and profits to ensure the viability and sustainability of the Group's businesses.

In view of the current business operations and financial position of the Group, the Company is of the view that the Group has a sufficient level of operations and assets of sufficient value to warrant the continued listing of the Shares in compliance with Rule 13.24 of the Listing Rules, and accordingly, the Company is of the view that Condition C has been fulfilled.

Condition D – Material information for the Shareholders to appraise the Company's position

The Company has been publishing the Announcements to provide its shareholders material information to appraise the Company's position from time to time. Accordingly, the Company is of the view that Condition D has been fulfilled.

The Company will continue to publish announcement(s) to update its shareholders of any major changes to or material development of the above matters, as and when appropriate, in compliance with the requirements under the Listing Rules.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2019

	Note	**2019** **RMB'000**	2018 *RMB'000*
Revenue	*5*	**52,822**	54,249
Other income	*6*	**8,595**	3,454
Cost of inventories used		**(52,162)**	(53,628)
Depreciation		**(10,421)**	(11,884)
Staff costs		**(14,616)**	(12,849)
Gain on bargain purchase		**–**	30,691
Gain on disposal of subsidiaries	*15*	**580,529**	–
Loss arising on re-consolidation of a deconsolidated subsidiary		**–**	(231,718)
Gain arising from changes in fair value of biological assets less costs to sell		**10,702**	32,320
Distribution and other operating expenses		**(1,994)**	(5,234)
Other general and administrative expenses		**(31,839)**	(27,193)
Profit/(loss) before tax	*8*	**541,616**	(221,792)
Income tax expense	*9*	**–**	–
Profit/(loss) for the year attributable to owners of the Company		**541,616**	(221,792)
		RMB	*RMB*
Earnings/(loss) per share	*10*		
– Basic and diluted		**0.433**	(0.177)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	2019	2018
	RMB'000	*RMB'000*
Profit/(loss) for the year	**541,616**	(221,792)
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of tax	**(3,297)**	2,505
– Reclassification adjustments for exchange differences on translating foreign operations disposed of during the year	**499**	–
Other comprehensive (loss)/income for the year	**(2,798)**	2,505
Total comprehensive income/(loss) for the year attributable to owners of the Company	**538,818**	(219,287)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	**2019** **RMB'000**	2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**82,494**	96,822
Current assets			
Biological assets		**5,438**	6,595
Inventories		**1,227**	3,609
Trade and other receivables	*12*	**12,314**	5,204
Cash and cash equivalents		**18,262**	54,743
		37,241	70,151
Total assets		**119,735**	166,973
EQUITY AND LIABILITIES			
Equity			
Share capital		**12,340**	12,340
Reserves		**93,056**	(445,596)
Total equity/(capital deficiency)		**105,396**	(433,256)
Liabilities			
Current liabilities			
Trade and other payables	*13*	**14,339**	600,229
Total liabilities		**14,339**	600,229
Total equity/(capital deficiency) and liabilities, net		**119,735**	166,973
Net current assets/(liabilities)		**22,902**	(530,078)
Total assets less current liabilities		**105,396**	(433,256)

NOTES

For the year ended 30 June 2019

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 are listed on the Main Board of 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 are planting, cultivation and sale of agricultural produce and distribution of fruit.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company and the operating subsidiaries 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 2019 comprise the Company and its subsidiaries (collectively, the "**Group**").

Deconsolidation of subsidiaries

As disclosed in the consolidated financial statements for the previous years, during the audit process in respect of the audit 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 had received written correspondences which appeared to be sent by a person named Chen Deqiang* (陳德強) ("**Chen Deqiang**"), who was a finance manager of certain PRC subsidiaries of the Company at the relevant time and asserted in the correspondences that he was acting on behalf of Man Guifu* (滿桂富) ("**Man Guifu**"), who was (1) a minority shareholder, director and general manager of Beihai Perfuming Garden Juice Co., Ltd.* (北海市果香園果汁有限公司) ("**Beihai Perfuming Garden**"), a PRC subsidiary of the Company; and (2) holder of positions in some other PRC subsidiaries of the Company. In the correspondences, it was 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 ("**Chen Deqiang's Allegation**"). Further details of these matters were disclosed in the Company's announcement dated 29 September 2016.

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

In June 2017, the Company was made aware of service of proceedings from a court in the PRC whereby Man Guifu 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, Man Guifu and the previous shareholders of Beihai Perfuming Garden in February 2010 (the "**Arrangements**"). Furthermore, the Company was made aware of a court order in the PRC requiring Tianyang Perfuming Garden Food Industrial Co. Ltd.* (田陽果香園食品工業有限公司) ("**Tianyang Perfuming Garden**"), a PRC subsidiary of the Company, to repay a loan of RMB17 million and the interest in arrears. Based on the court documents received, the directors of the Company substantiated the allegations to be that Tianyang Perfuming Garden had allegedly entered into a loan facility agreement with a person called Xue Zhen* (薛珍) ("**Xue Zhen**") on 1 June 2016 in respect of a loan which amounted to RMB17 million with interest rate of 6% per annum. It is alleged that such loan and the interests were due for repayment. It is further alleged that Tianyang Perfuming Garden had also pledged two pieces of land to Xue Zhen as security for the loan but such pledge had not been registered with the PRC authorities (the "**Tianyang Perfuming Garden Proceeding**") (hereinafter, the Arrangements, the Tianyang Perfuming Garden Proceeding, Chen Deqiang's Allegation and Man Guifu's Allegation are collectively referred to as the "**Allegations**"). The board of directors of the Company (the "**Board**") had, after becoming aware of the legal proceedings, made enquiries with Tianyang Perfuming Garden in connection with information related to this loan, but Tianyang Perfuming Garden (of which, to the Company's knowledge, the senior management included Huang Xin, Pang Yi, Man Guifu and Wang Jia Yi) did not respond or cooperate. 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 of these matters were 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 Rules Governing the Listing of Securities on the HKEx (the "**Listing Rules**") and Alternative Investment Market ("**AIM**") Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange. Consequently, the shares of the Company were suspended from trading on the HKEx and the AIM with effect from 29 September 2016 (Hong Kong time) and 28 September 2016 (UK time) respectively. As disclosed in the Company's announcement dated 27 March 2017, the London Stock Exchange would cancel the admission of AIM securities where these securities had been suspended from trading for 6 months and as such the Company's shares would be cancelled from trading on AIM with effect from 29 March 2017, being the date that is 6 months from the date when the shares were initially suspended.

The directors of the Company have initiated and tried to establish communications with Man Guifu and Chen Deqiang 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), Guangxi Hepu Guanhua Agriculture Co. Ltd.* (廣西合浦冠華農業有限公司) and Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司)) (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 might take a prolonged time and cause undue delay. Up to the dates of approval of the previously issued consolidated financial statements for the years ended 30 June 2016, 2017 and 2018, (i) the Group had not yet received any of the requested information from Man Guifu and Chen Deqiang in respect of the Allegations which were 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 were still pending. Further details of these matters were disclosed in the Company's announcements dated 8 November 2016, 8 December 2016, 6 January 2017, 27 January 2017, 27 February 2017, 15 March 2017, 27 March 2017, 30 June 2017 and 29 September 2017.

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

As disclosed in note 15 to the consolidated financial statements, on 9 May 2019 and 3 June 2019 (the "**Disposal Dates**"), the Group completed the disposal of the entire equity interests in BPG Food & Beverage Co., Ltd. and its subsidiaries (the "**BPG Group**") and Newasia Global Limited and its subsidiaries (the "**Newasia Group**") respectively. 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 (the "**Disposed PRC Subsidiaries**"), which are subsidiaries held under the BPG Group and the Newasia Group, and in the absence of Man Guifu, Chen Deqiang and the management of the Disposed PRC Subsidiaries to explain and validate the true state of affairs and financial performances of the Disposed PRC Subsidiaries up to and as at the Disposal Dates, 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 of the BPG Group and the Newasia Group as of the Disposal Dates and for the period from 1 July 2018 to the Disposal Dates respectively or to obtain sufficient documentary information to satisfy themselves regarding the true and fair presentation of the transactions of these groups of companies during the period from 1 July 2018 to the Disposal Dates and of the various account balances of these groups of companies as at the Disposal Dates respectively. As at the date of approval of the consolidated financial statements of the Group, the directors of the Company are satisfied that the Group has used its best efforts, to the extent commercially practicable, to attempt to obtain the accounting records of the Disposed PRC Subsidiaries for the past years and up to their respective Disposal Dates, applying the best estimates and judgement based on the information of the BPG Group and the Newasia 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 Disposed PRC Subsidiaries or those responsible for the financial information within and outside of the BPG Group and the Newasia Group.

Given these circumstances, the Board has determined that the Group will continue with not consolidating the financial statements of the PRC Subsidiaries except for Lucky Team Hepu, which the Group's control was resumed on 28 September 2017 and of which the financial statements were re-consolidated into the Group since then (hereinafter also 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 had 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 brought forward 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 financial information related to the Deconsolidated Subsidiaries are set out in note 10 to the consolidated financial statements.

In the opinion of the directors of the Company, the preparation of the consolidated financial statements of the Group for the year ended 30 June 2019 using the aforementioned basis is the most appropriate and practical way of presenting the results, cash flows 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 2018 (the "**2018 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 and up to their respective Disposal Dates, 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 2019 and 2018:

- Details of the credit policy and ageing of debtors and creditors as required by the 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 period from 1 July 2018 to the Disposal Dates 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 the identification, presentation and disclosures of segment information, revenue, other income, loss arising from the Incidents, profit/(loss) before tax, income tax expense, directors' emoluments, individuals with highest emoluments, earnings/(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, gain on disposal of subsidiaries, re-consolidation of a deconsolidated subsidiary and statement of financial position of the Company insofar as the details or information relate to the Deconsolidated Subsidiaries.

Going concern basis of accounting

For the year ended 30 June 2019, the Group recorded a net operating loss of approximately RMB38,913,000 (profit for the year of approximately RMB541,616,000 minus the gain on disposal of subsidaries of approximately RMB580,529,000) and had a net operating cash outflow of approximately RMB26,448,000. Cash and cash equivalents reduced from approximately RMB54,743,000 as at 30 June 2018 to approximately RMB18,262,000 as at 30 June 2019.

In view of such circumstances, which indicate the existence of uncertainties that may cast doubt about the Group's ability to continue as a going concern, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

(i) The Group is maximising its sales efforts to (1) participate actively in industry fairs and exhibitions in order to approach potential customers by promoting its products and its own brand; (2) enhance and expand the Fruit Distribution Operation by sourcing more high-quality seasonal fruit from different countries; (3) further promote and expand the e-Commerce trading and whole-selling platforms of Fruit Distribution Operation in the PRC; (4) diversify its agricultural products offering by furtherance of planting other seasonal fruit during the suitable season; and (5) monitor and strengthen the customer relationship for long term basis.

(ii) The Group will apply stringent cost control in administrative expenses and capital expenditures.

(iii) Even there was an unexpected decrease in production volume for the year ended 30 June 2019 mainly due to the abnormal unfavorable weather conditions during harvest season, it is expected that production volume will increase to a normal level in the coming years as a result of improved cultivation precaution and equipment and improved fruit collection management.

(iv) A shareholder of the Company has agreed to provide financial support for the continuing operation of the Group.

The directors of the Company, based on a cash flow forecast of the Group covering a period up to 30 June 2020 which has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated financial statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 30 June 2019 on a going concern basis of accounting.

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the management of the Group will be able to achieve its plans and measures as described above; (ii) the Group is able to obtain continuous external financial support; (iii) the Group will be able to improve its business operations; and (iv) the Group is able to generate sufficient cash flow and implement exercises to control costs. Should the going concern basis of accounting become inappropriate, adjustments might have to be made to write down 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 non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "**new and revised IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), which are effective for the Group's financial year beginning from 1 July 2018. A summary of the new and revised IFRSs adopted by the Group is set out as follows:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC–Int 22	Foreign Currency Transaction and Advance Consideration
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IAS 28 (Amendments)	As part of Annual Improvements to IFRSs 2014-2016 Cycle
IAS 40 (Amendments)	Transfer of Investment Property

Except as described below, the application of the above new and revised IFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

Impact on opening consolidated statement of financial position

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more details by standard below.

Consolidated statement of financial position (extract)	**At 30 June 2018 (originally stated)** *RMB'000*	**IFRS 9** *RMB'000*	**At 1 July 2018 (as restated)** *RMB'000*
Current assets			
Trade and other receivables	5,204	(166)	5,038
Equity			
Reserves	(445,596)	(166)	(445,762)

IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 July 2018. In accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 July 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 and IAS 11 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Planting, cultivation and sale of agricultural produce

- Distribution of various fruit

Information about the Group's performance obligations resulting from application of IFRS 15 are disclosed in note 5.

The application of IFRS 15 did not have any material impact on the timing and amounts of revenue recognised as at 1 July 2018.

IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The Group has applied the transition arrangements and recognised the cumulative effects of initial application against the applicable opening balances in equity at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening accumulated losses, without restating the comparative information.

Summary of effect arising from initial application of IFRS 9

Classification and measured of financial assets and financial liabilities

All financial assets and financial liabilities continue to be measured on the same basis as those were previously measured under IAS 39.

Impairment under ECL model

The Group applies IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. Except for those which had been determined as credit-impaired under IAS 39, the remaining balances are grouped based on past due analysis. The Group has therefore estimated the expected loss rates for the trade receivables on the same basis.

Loss allowances for other financial assets at amortised cost, which mainly comprise of deposits paid, other receivables and bank balances, are assessed on 12-month ECL ("**12m-ECL**") basis as there had been no significant increase in credit risk since initial recognition.

For bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regarded as low and 12m-ECL is insignificant.

For deposits paid and other receivables, the balances are grouped based on past due analysis. The Group has therefore estimated the expected loss rates for the deposits paid and other receivables on the same basis.

Loss allowances for trade and other receivables as at 30 June 2018 reconciled to the opening loss allowance as at 1 July 2018 and the impact on the Group's accumulated losses are as follow:

	Trade receivables	**Deposits paid and other receivables**	**Accumulated losses**
	RMB'000	*RMB'000*	*RMB'000*
As at 30 June 2018 (originally stated)	–	–	4,218,793
Amounts remeasured upon initial application of IFRS 9	4	162	166
As at 1 July 2018 (restated)	4	162	4,218,959

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

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

IAS 1 and IAS 8 (Amendments)	Definition of Material[3]
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[1]
IAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures[1]
IFRS (Amendments)	Annual Improvements to IFRSs 2015-2017 Cycle[1]
IFRS 3 (Amendments)	Definition of a business[2]
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation[1]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[4]
IFRIC–Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 July 2019.

2 Effective for business combination and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2020.

3 Effective for annual periods beginning on or after 1 July 2020.

4 Effective for annual periods beginning on or after 1 July 2021.

5 Effective for annual periods beginning on or after a date to be determined.

4. SEGMENT INFORMATION

For management purpose, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Particulars of the Group's reportable operating segments are summarised as follows:

Plantation Operation	–	Planting, cultivation and sale of agricultural produce
Fruit Distribution Operation	–	Distribution of various fruit

Segment results, assets and liabilities

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Plantation Operation		Fruit Distribution Opeartion		Total	
	2019	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
RESULTS						
Reportable segment revenue and revenue from external customers	**35,533**	54,249	**17,289**	–	**52,822**	54,249
Reportable segment results	**(12,808)**	7,491	**(1,669)**	(121)	**(14,477)**	7,370
Gain on bargain purchase					**–**	30,691
Gain on disposal of subsidiaries					**580,529**	–
Loss arising on re-consolidation of a deconsolidated subsidiary					**–**	(231,718)
Unallocated corporate expenses					**(24,653)**	(28,962)
Unallocated corporate other income					**217**	827
Profit/(loss) before tax					**541,616**	(221,792)
ASSETS						
Segment assets	**111,435**	159,039	**4,040**	208	**115,475**	159,247
Unallocated corporate assets					**4,260**	7,726
Total assets					**119,735**	166,973
LIABILITIES						
Segment liabilities	**(8,160)**	(382,846)	**(507)**	(29)	**(8,667)**	(382,875)
Unallocated corporate liabilities					**(5,672)**	(217,354)
Total liabilities					**(14,339)**	(600,229)

Segment loss represents the loss from each segment without allocation of partial other income, gain on bargain purchase, gain on disposal of subsidiaries, loss arising on re-consolidation of a deconsolidated subsidiary, central administration costs and directors' emoluments. This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

There were no inter-segment revenue in both years.

All assets and liabilities are allocated to the reportable segments other than those that are for central administrative purposes including partial property, plant and equipment, partial deposits and other receivables, partial cash and cash equivalents and partial other payables.

Other Segment Information

Amounts included in the measurement of segment profit or loss or segment assets:

	Plantation Operation		**Fruit Distribution Opeartion**		**Unallocated**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Gain arising from changes in fair value of biological assets less costs to sell	**10,702**	32,320	**–**	–	**–**	–	**10,702**	32,320
Depreciation	**8,617**	9,775	**6**	–	**1,798**	2,109	**10,421**	11,884
Additions to property, plant and equipment	**2,042**	1,125	**20**	–	**140**	358	**2,202**	1,483
Impairment loss recoginised in respect of trade and other receivables, net	**162**	–	**30**	–	**–**	–	**192**	–
Loss on disposal and written off of property, plant and equipment	**4,784**	–	**–**	–	**164**	2	**4,948**	2
Written off of biological assets	**1,562**	–	**–**	–	**–**	–	**1,562**	–

Geographical information

Since over 90% of the Group's revenue and operating profit were generated in the PRC for both years and over 90% of the Group's non-current assets were located in the PRC, no geographical segment information in accordance with IFRS 8 "Operating Segments" is presented.

Information about major customers

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

	2019	2018
	RMB'000	*RMB'000*
Customer A[1]	**20,238**	20,900
Customer B[1]	**8,416**	19,369
Customer C[2]	**6,595**	–
Customer D[2]	**6,291**	–

1 Revenue generated from Customer A, and Customer B are attributable to Plantation Operation.

2 Revenue generated from Customer C, and Customer D are attributable to Fruit Distribution Operation.

No other customers contributed 10% or more to the Group's total revenue for both years.

5. REVENUE

For the year ended 30 June 2019

Disaggregation of revenue from contracts with customers

	Plantation operation *RMB'000*	**Fruit distribution operation** *RMB'000*
Sales of oranges	**35,533**	**13,514**
Sales of other fruit	**–**	**3,775**
Total	**35,533**	**17,289**
Timing of revenue recognition from contracts with customers		
At a point in time	**35,533**	**17,289**

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	RMB'000
Sales of oranges	**35,533**
Sales of other fruit	**17,289**
Total revenue	**52,822**

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfied the remaining obligations under the contracts as all contract works have an original expected duration of one year or less.

For the year ended 30 June 2018

	RMB'000
Sales of oranges	54,249

6. OTHER INCOME

	2019	2018
	RMB'000	RMB'000
Management income *(Note)*	**8,378**	2,627
Interest income	**69**	77
Sundry income	**148**	750
	8,595	3,454

Note:

Management income was derived from the Group's provision of management service on cultivation under cooperation agreements with individual farmers.

7. LOSS ARISING FROM THE INCIDENTS

As explained in note 2, 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 year ended or as at 30 June 2018.

During the year ended 30 June 2019, the Deconsolidated Subsidiaries have been disposed of by the Group. Details of the disposal are set out in note 15.

(a) Amounts due to the Deconsolidated Subsidiaries included in the consolidated statement of financial position as at 30 June 2018 and the date of disposal

	RMB'000
Trade and other payables	571,442

(b) Contingent liabilities

As set out in note 2, in June 2017, the Company was made aware of (i) service of proceedings from a court in the PRC whereby Man Guifu 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. As disclosed in the announcement of the Company dated 15 January 2019, the Company was notified of a judgment (the "**First Instance Judgment**") issued by Beihai City Intermediate People's Court (北海市中級人民法院) on the BPG Shareholders' Dispute pursuant to which the court ruled, among others, that Man Guifu is entitled to 46.14% equity interests in Beihai Perfuming Garden held by Chance Lead and that Chance Lead shall cooperate with Man Guifu to effect the equity transfer registration. Chance Lead then lodged a request for an appeal of the ruling of the First Instance Judgment.

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 directors of the Company are of the view that the abovementioned legal proceedings are no longer relevant to the Group following completion of the First Disposal whereby Tianyang Perfuming Garden, Beihai Perfuming Garden and Chance Lead have ceased to be within the Group.

8. PROFIT/(LOSS) BEFORE TAX

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

		2019	2018
		RMB'000	*RMB'000*
(a)	**Staff costs (including directors' emoluments)**		
	– salaries, wages and other benefits	**13,645**	12,714
	– contribution to defined contribution retirement plans	**971**	135
		14,616	12,849
(b)	**Other items**		
	Auditors' remuneration		
	– Audit services	**2,119**	1,319
	– Non-audit services	**530**	659
		2,649	1,978
	Depreciation of property, plant and equipment	**10,421**	11,884
	Exchange (gain)/loss, net	**(507)**	2,120
	Impairment loss recognised in respect of trade and other receivables, net	**192**	–
	Legal and professional fees	**6,699**	4,075
	Operating lease expenses		
	– properties	**1,551**	2,934
	– plantation bases	**1,534**	2,858
	Loss on disposal and written off of property, plant and equipment	**4,948**	2
	Written off of biological assets	**1,562**	–

9. INCOME TAX EXPENSE

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

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

(ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both years.

No provision for taxation in Hong Kong has been made as the Group has no assessable profits for the purpose of Hong Kong profits tax.

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

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

(iv) PRC withholding income tax

Under the PRC tax laws, 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 2019, the Group has no unremitted profit of the subsidiaries in the PRC (2018: Nil, due to the deconsolidation of the Deconsolidated Subsidaries with effect from 1 July 2015) as the Deconsolidated Subsidiaries have been disposed of during the year.

10. EARNINGS/(LOSS) PER SHARE

The calculation of the earnings/(loss) per share is based on the following data:

	2019	2018
	RMB'000	*RMB'000*
Profit/(loss)		
Profit/(loss) attributable to owners of the Company used in basic and diluted earnings/(loss) per share calculation	**541,616**	(221,792)
Weighted average number of shares	***'000***	*'000*
Weighted average number of ordinary shares used in basic and diluted earnings/(loss) per share calculation	**1,249,638**	1,249,638

There were no adjustments for the effects of assumed exercise of outstanding share options, where applicable, in the calculation of diluted earnings/(loss) per share as these potential ordinary shares had anti-dilutive effects.

11. DIVIDENDS

No dividend has been paid, declared or proposed by the Company during the year ended 30 June 2019 (2018: Nil)

12. TRADE AND OTHER RECEIVABLES

	Note	**2019** *RMB'000*	2018 *RMB'000*
Trade receivables		**1,842**	276
Less: Allowance for credit losses		**(34)**	–
		1,808	276
Deposits paid and other receivables	(i)	**10,310**	4,368
Prepayments		**500**	560
		10,810	4,928
Less: Allowance for credit losses		**(304)**	–
		10,506	4,928
Total trade and other receivables, net of allowance for credit losses		**12,314**	5,204

Note:

(i) As at 30 June 2019, gross carrying amount of approximately RMB9,951,000 of other receivables were amount due from Lucky Team Hepu, which ceased to be a subsidiary of the Group on 3 June 2019 upon the completion of the disposal of entire issued share capital of Newasia Global Limited. Allowance for credit losses of approximately RMB298,000 has been recognised using provision matrix.

The following is an ageing analysis of trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for credit losses:

	2019 *RMB'000*	2018 *RMB'000*
Less than 3 months	**1,592**	276
3 to 6 months	**207**	–
6 to 12 months	**9**	–
	1,808	276

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

Trade 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, the Deconsolidated Subsidiaries have been disposed of during the year.

13. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**6,211**	5,124
Other payables and accruals	**6,286**	15,975
Deposits received	**1,842**	–
Receipt in advance	**–**	7,180
Amount due to a director	**–**	508
Amount due to the Deconsolidated Subsidiaries	**–**	571,442
	14,339	600,229

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:

	2019	2018
	RMB'000	*RMB'000*
Less than 3 months	**4,308**	5,124
3 to 6 months	**1,903**	–
	6,211	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. The Deconsolidated Subsidiaries have been disposed of during the year.

14. CAPITAL COMMITMENTS

	2019	2018
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided for in respect of acquisition of property, plant and equipment	**–**	13,840

15. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries – BPG Food & Beverage Holdings Ltd. and its subsidiaries (the "BPG Group")

On 21 January 2019, the Group entered into a conditional 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 dispose of the entire equity interest in BPG Food & Beverage Holdings Ltd., an indirect wholly-owned subsidiary of the Company, and its subsidiaries which were previously engaged in trading of fruit juice concentrates, manufacturing and selling of frozen fruit and vegetables, at total consideration of RMB5,000,000. The disposal of the BPG Group was consistent with the Group's long-term policy for the resumption of trading on the HKEx. The disposal was completed on 9 May 2019, the date on which the control of the BPG Group ceased.

Analysis of assets and liabilities over which control was lost:

	2019 ***RMB'000***
Cash and bank balances	**5**
Amount due to the Deconsolidated Subsidiaries	**(571,442)**
Net liabilities disposed of	**(571,437)**
Gain on disposal of subsidiaries:	
Cash consideration received in prior year	**5,000**
Cumulative exchange differences reclassified from equity to profit or loss on lost of control of the subsidiaries	**15,187**
Net liabilities disposed of	**571,437**
Gain on disposal of subsidiaries	**591,624**
Net cash outflow arising on disposal:	
Cash consideration received in current year	**–**
Less: Cash and cash equivalents disposed of	**(5)**
Net cash outflow arising on disposal	**(5)**

(b) Disposal of subsidiaries – Newasia Global Limited and its subsidiaries (the "Newasia Group")

On 3 June 2019, the Group entered into a conditional 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 dispose the entire equity interest in Newasia Global Limited, an indirect wholly-owned subsidiary of the Company, and its subsidiaries which engaged in planting, cultivation and sale of oranges, at total consideration of RMB2. The disposal of the Newasia Group was consistent with the Group's long-term policy for the resumption of trading on the HKEx. The disposal was completed on 3 June 2019, on which date the control of the Newasia Group ceased.

Analysis of assets and liabilities over which control was lost:

	2019
	RMB'000
Property, plant and equipment	**872**
Trade and other receivables	**665**
Cash and bank balances	**4,691**
Trade and other payables	**(10,819)**
Net liabilities disposed of	**(4,591)**
Loss on disposal of subsidiaries:	
Consideration received	**–**
Cumulative exchange differences reclassified from equity to profit or loss on lost of control of the subsidiaries	**(15,686)**
Net liabilities disposed of	**4,591**
Loss on disposal of subsidiaries	**(11,095)**
Net cash outflow arising on disposal:	
Cash consideration received	**–**
Less: Cash and cash equivalents disposed of	**(4,691)**
Net cash outflow arising on disposal	**(4,691)**

OTHER INFORMATION

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

The Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such listed securities during the year ended 30 June 2019.

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 to the Listing Rules.

During the year ended 30 June 2019, 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 of the Company on 4 August 2015. Since then, the roles of the Chairman and Chief Executive Officer have been performed by the 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. The Board has adopted a nomination policy on 3 June 2019 which sets out the relevant appointment criteria and, in case of the INEDs, the independence requirements set out in the Listing Rules. 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 Provision 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 and the Non-executive Director were unable to attend the annual general meeting (the "**AGM**") of the Company in 2018, the senior management of the Company had reported all special enquiries from the shareholders and acted as the communication bridge between the shareholders, the INEDs and the Non-executive Director so that the INEDs and the Non-executive Director are aware and understand the view of the shareholders accordingly.

Code Provisions C.1.1 and C.1.2

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

During the course of auditing for the financial year of 2015/16, the Auditors reported that: (i) a director of certain Deconsolidated Subsidiaries had alleged that there were inaccuracies in the books and records of certain Deconsolidated Subsidiaries and (ii) a finance manager of certain Deconsolidated Subsidiaries had sent written correspondence to the Auditors indicated that certain amounts or balances in the internal records of certain customers or suppliers did not correspond to the internal records of the Group. Subsequently, those management of such Deconsolidated Subsidiaries refused to provide information requested by the Directors and senior management of the Company. In order to protect and enforce all the legal rights of the Group, the Company had engaged legal professional in the PRC to handle the relevant disputes and there were judgments of certain litigations granted in favour of the Group (the "**Beihai Minority Disputes**"). Those Deconsolidated Subsidiaries were deconsolidated from the Company's financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 except for Lucky Team Hepu for the year ended 30 June 2018 which is detailed below. 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.

The Group completed the disposal of the First Disposal and the Last Disposal, which included all the Deconsolidated Subsidiaries, on 9 May 2019 and 3 June 2019, respectively. Following completion of the First Disposal and the Last Disposal, all members of the BPG Group and the Newasia Group ceased to be subsidiaries of the Group and their respective financial results were no longer consolidated into the consolidated financial statements of the Group.

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

Due to the Beihai Minority Disputes, the Directors and senior management of the Company was unable to access certain financial, legal and administration records of the Deconsolidated Subsidiaries (except for Lucky Team Hepu the control of which was resumed in late September 2017 with its results re-consolidated into the Group for the financial year of 2017/18) which affected the execution of an effective annual review of the internal control and risk management systems of the Group in the financial year of 2015/16. During the year ended 30 June 2019, the Company had engaged legal professional in the PRC so as to protect and enforce all the legal rights of the Group at the time and to obtain copies of the relevant documents as a shareholder of those Deconsolidated Subsidiaries. On the other hand, the Group, excluding those Deconsolidated Subsidiaries, has implemented an updated and strengthened internal control system and engaged an external professional accounting firm to conduct annual review of its internal control and risk management systems commencing from the financial year of 2016/17 onwards.

Code Provision 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 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 2019.

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Company's auditors have issued a disclaimer of opinion on the Group's consolidated financial statements for the year ended 30 June 2019, 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), Guangxi Hepu Guanhua Agriculture Co. Ltd. (廣西合浦冠華農業有限公司) and Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司)) 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 year ended 30 June 2016, we had received written correspondences which appeared to be sent by a person named Chen Deqiang (陳德強) ("**Chen Deqiang**"), who was then a finance manager of certain PRC subsidiaries of the Company. It was asserted in the correspondences that he was acting on behalf of Man Guifu (滿桂富) ("**Man Guifu**"), 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 Man Guifu's representative, we had arranged to meet Man Guifu in the office of our legal adviser (the "**Meeting**"). A man who claimed to be Man Guifu 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 Man Guifu 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, Man Guifu 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) ("**Tianyang 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) ("**Xue Zhen**") 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 subsidiaries of the Company incorporated in the PRC (saved and except for Guangzhou Asian Citrus Investment Consulting Co., Ltd. (廣州市亞機果投資諮詢有限公司), Guangxi Hepu Guanhua Agriculture Co. Ltd. (廣西合浦冠華農業有限公司) and Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司)) (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.

In May and June 2019 respectively, the Group completed the disposal of (i) entire issued share capital of BPG Food & Beverages Holdings Ltd. (the "**First Disposal**") and (ii) entire issued share capital of Newasia Global Limited (the "**Last Disposal**"). Upon completion of the First Disposal and the Last Disposal, all the PRC Subsidiaries have been disposed of by the Group.

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 were 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 2019 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 were 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 years to which they relate (i.e. the year ended 30 June 2019 or preceding years); (ii) the nature, extent and validity of the problematic transactions and balances, if any, and the reasons why they arose and their effects on the consolidated financial statements; (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 in relation to the PRC Subsidiaries and hence of the audit evidence in general in relation to the PRC Subsidiaries. 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 2019 and the comparative figures for the preceding year and hence on the net liabilities of the Group as at 30 June 2018 and the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018.

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 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 included the effects of the Incidents which as at the date of this report are still unascertained, had 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 2016, 2017 and 2018 and the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect. 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 up until the respective dates on which the First Disposal and the Last Disposal took effect. Had these subsidiaries been consolidated, many elements in the consolidated financial statements of the Group in respect of the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect and the comparative figures presented in these consolidated financial statements 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 in respect of the period from 1 July 2018 to the date on which the First Disposal took effect 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 Man Guifu had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements. If Man Guifu did have such right, the existence of the potential voting right might cause Beihai Perfuming Garden and its subsidiaries to be controlled by Man Guifu 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 up until the date on which the First Disposal was completed. 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 (being 1 July 2015) and conversely, of deconsolidating Beihai Perfuming Garden and its subsidiaries with effect from 1 July 2015.

Any adjustments found to be required in respect of the failure to consolidate the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) may have consequential significant effects on the elements in the consolidated financial statements for the year ended 30 June 2019 and the comparative figures for the preceding year and hence on the net liabilities of the Group as at 30 June 2018 and the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018.

b) Opening balances and comparative information

The opening balances as at 1 July 2018 and comparative information as at and for the year ended 30 June 2018 presented or disclosed in the consolidated financial statements are based on the consolidated financial statements of the Group for the year ended 30 June 2018 in respect of which we expressed a disclaimer of opinion in our auditors' report dated 28 September 2018. The matters which led us to disclaim our opinion include those explained in paragraphs (a) to (j) herein and in sub-paragraphs (i) to (xiv) 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 year ended 30 June 2016. As opening balances as at 1 July 2018 entered into the determination of profit and other comprehensive income and cash flows of the Group for the year ended 30 June 2019, any adjustments to the opening balances found to be required in respect of these matters may have consequential significant effects on the profit and other comprehensive income and cash flows of the Group for the year ended 30 June 2019. In addition, the 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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 as 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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, 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 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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 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 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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 Nil 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 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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 year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) 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 was 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 amount 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 were free from material misstatements.

(xii) Re-consolidation of a deconsolidated subsidiary

As disclosed in note 29 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 our auditors' report dated 28 September 2018 on the consolidated financial statements of the Group for the year ended 30 June 2018, 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 were 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 (as defined below) 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 recognised 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 had carryforward effects on the closing balances of the assets and liabilities of the Group as at 30 June 2018. Hence we are unable to satisfy ourselves concerning the comparative figures in respect of the preceding year as presented or disclosed in these consolidated financial statements. 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 recognised by the Group, and which were reflected in the comparative figures in respect of the preceding year in the manner as described herein, as disclosed in note 29 to the consolidated financial statements and their carryforward effects on the closing balances of the assets and liabilities of the Group as at 30 June 2018, which would then have entered into the determination of the financial performance and cash flows of the Group for the current year ended 30 June 2019; (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 by the Group as an expense in its consolidated profit or loss for the year ended 30 June 2018 and presented in the comparative figures in respect of the preceding year in the consolidated statement of profit or loss of the Group. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the Assets and Liabilities recognised on the Resumed Date as disclosed in note 29 and as at 30 June 2018 and the financial performances and cash flows of Lucky Team Hepu included in consolidated profit or loss of the Group for the years ended 30 June 2019 and 2018 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 2018, 2017 and 2016 and for the current year ended 30 June 2019 up until the respective dates on which the First Disposal and the Last Disposal took effect. 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 29 as an acquisition on the Resumed Date and the loss on resumption of control of approximately RMB231,718,000 would not have been recognised as such in the comparative figures presented in respect of the preceding year in these consolidated financial statements. 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.

(xiii) 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. 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 recognised 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.

(xiv) 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 1 July 2017 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.

Furthermore, as closing balances of the assets and liabilities of the Group as at 30 June 2018 and 2017 were taken into account in the determination of the financial performance of the Group for the years ended 30 June 2019 and 2018 respectively, and might have carryforward effects on the closing balances of the assets and liabilities of the Group, any adjustments found to be necessary to the closing balances as at 30 June 2018 and 2017 in respect of the matters described in paragraphs (a) to (j) herein may significantly affect the balance of reserves of the Group as at 1 July 2018 and 2017 respectively, the Group's results and cash flows for the years ended 30 June 2019 and 2018 respectively and the closing balances of assets and liabilities as at 30 June 2018 and related disclosures in the notes to the consolidated financial statements of the Group for the years ended 30 June 2019 and 2018 and hence may have consequential significant effects on the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018 and the net liabilities of the Group as at 30 June 2018.

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 for the relevant periods up until the respective dates on which the First Disposal and the Last Disposal took effect. 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, Man Guifu requested Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden 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 Man Guifu 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 of The Stock Exchange of Hong Kong Limited (the "**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 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 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 for the relevant periods up until the respective dates on which the First Disposal and the Last Disposal took effect made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there were any non-compliance with applicable laws and regulations by the Group and the Deconsolidated Subsidiaries during such periods 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 were any unrecorded provisions or undisclosed contingent liabilities and hence whether there were any 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 of the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018 and the related disclosures thereof in the consolidated financial statements.

d) Gain on disposal of subsidiaries

As disclosed in note 28 to the consolidated financial statements and in the Company's announcements dated 9 May 2019 and 3 June 2019 respectively, the Group completed the First Disposal and the Last Disposal in May 2019 and June 2019 respsectively. Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries, which were the main member companies of BPG Food & Beverages Holdings Ltd. and its subsidiaries (the "**BPG Group**") and Newasia Global Limited and its subsidiaries (the "**Newasia Group**"), the Group had to undertake efforts to reconstruct the books and records of the BPG Group and the Newasia Group. 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 the BPG Group and the Newasia Group for inclusion in the calculation of the gain on disposal of the subsidiaries.

Due to the circumstances of the lack of access to complete books and records of the BPG Group and the Newasia Group for the relevant periods up until the respective dates on which the First Disposal and the Last Disposal took effect and the inability to complete the works to reconstruct the relevant books and records, the Board is unable to ascertain the completeness and recording accuracy of the assets and liabilities, as well as other account balances, of the BPG Group and the Newasia Group as at the respective dates on which the First Disposal and the Last Disposal were completed. Furthermore, the balances of the assets and liabilities of the BPG Group and the Newasia Group, as well as other account balances including the cumulative translation adjustments related to these groups of companies, as recognised by the Group on the respective relevant dates were taken into account in the determination of the gain on disposal of these subsidiaries and hence of the financial performance and cash flows of the Group for the year ended 30 June 2019, as disclosed in note 28 to the consolidated financial statements. We have been unable to carry out alternative audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity, accuracy and completeness of the carrying amounts of the assets and liabilities of the BPG Group and the Newasia Group at the relevant dates which were derecognised by the Group as disclosed in note 28 to the consolidated financial statements and hence of the validity and recording accuracy of the net liabilities of the BPG Group and the Newasia Group disposed of, represented by the net carrying amount of the assets and liabilities of the BPG Group and the Newasia Group as at the relevant dates, and of the balances of foreign currency translation loss reserves in relation to the BPG Group and the Newasia Group as at the relevant dates of RMB15,187,000 and RMB15,686,000 respectively which were reclassified to consolidated profit or loss upon the disposals, all of which entered into the determination of the gain on disposal of the subsidiaries of approximately RMB580,529,000 which was recognised in the consolidated statement of profit or loss of the Group for the year ended 30 June 2019. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the assets and liabilities of the BPG Group and the Newasia Group derecognised on the relevant dates and the balances of foreign currency translation loss reserves reclassified to profit or loss on the relevant dates, as disclosed in note 28, as well as the resulting gain on disposal of the subsidiaries which was recognised in consolidated profit or loss of the Group for the year ended 30 June 2019, were free from material misstatements.

Any adjustments found to be necessary may have a consequential significant effect on the profit and other comprehensive income and cash flows of the Group for the year ended 30 June 2019 and the related disclosures thereof in the consolidated financial statements.

e) **Amounts due to the Deconsolidated Subsidiaries**

As disclosed in note 24 to the consolidated financial statements, the Group recorded amounts due to the Deconsolidated Subsidiaries of approximately Nil and RMB571,442,000 as at 30 June 2019 and 2018. 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 for the relevant periods up until the respective dates on which the First Disposal and the Last Disposal took effect. Due to these factors, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the validity and completeness of the amounts due to the Deconsolidated Subsidiaries as at 30 June 2018 and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the periods from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal tooks effect and during the year ended 30 June 2018 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 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 as at 30 June 2018, which were recognised in the BPG Group, 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 for the periods from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect and as at and for the year ended 30 June 2018 and other elements in the consolidated financial statements for the years ended 30 June 2019 and 2018 and hence on the net liabilities of the Group as at 30 June 2018 and profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018 and the related disclosures thereof in the consolidated financial statements.

f) 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 recognised 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 did 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 had 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, which were recognised in the Newasia Group, and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the period from 1 July 2018 to the respective dates on which the Last Disposal took effect and during the year ended 30 June 2018 which were not accounted for in accordance with IFRSs or disclosed or otherwise treated in compliance with the applicable 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 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 the Nil impairment loss recognised in respect of these amounts due from the Deconsolidated Subsidiaries for the year then ended and for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect were free from material misstatements and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries for the year ended 30 June 2018 and for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect. 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 year ended 30 June 2018 and for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect and other elements in the consolidated financial statements for the years ended 30 June 2019 and 2018 and hence on the net liabilities of the Group as at 30 June 2018 and the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

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

Included in the statement of financial position of the Company as disclosed in note 30 to the consolidated financial statements were (i) investment in subsidiaries of gross carrying amount of approximately RMB4,064,410,000 as at 30 June 2018; (ii) accumulated impairments of interests in subsidiaries of approximately RMB4,063,410,000 as at 30 June 2018; and (iii) amount due to the Deconsolidated Subsidiaries of approximately RMB31,072,000 as at 30 June 2018. Impairment losses in respect of the interests in subsidiaries of approximately Nil were recognised by the Company for the years ended 30 June 2019 and 2018.

As disclosed in note 30 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 had continued recognising the impairment loss which had fully written down the investment cost in subsidiaries as at 30 June 2018.

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. In addition, as no documentation on impairment assessment of the interests in subsidiaries as at 30 June 2018 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. 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 the accumulated 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 hence on the net liabilities of the Company as at 30 June 2018 and related disclosures thereof in the consolidated financial statements.

h) Share options reserve

Included in the consolidated statement of change in equity of the Group for the years ended 30 June 2019 and 2018 were share options reserve with carrying amount of approximately Nil and RMB65,488,000 as at 30 June 2019 and 2018 respectively. During the years ended 30 June 2019 and 2018, the Group transferred an amount of approximately RMB65,488,000 and RMB20,841,000 respectively from share options reserve to accumulated loss for share options lapsed and of approximately Nil and RMB1,211,000 respectively from share options reserve to accumulated loss for share options cancelled. 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. All these share options granted have lapsed as at 30 June 2019. 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 and carrying values of share options outstanding as at 30 June 2018 and 1 July 2017; (ii) the validity and recording accuracy of the movements of the share options reserve in respect of the share options lapsed or cancelled during the years ended 30 June 2019 and 2018; and (iii) the basis of determining the amounts of the movements in the share options reserve in respect of share options lapsed of approximately RMB65,488,000 and RMB20,841,000 during the years ended 30 June 2019 and 2018 respectively and share options cancelled of approximately Nil and RMB1,211,000 during the years ended 30 June 2019 and 2018 respectively. Therefore, we were unable to satisfy ourselves as to whether the carrying amount and movements of the share options reserve of the Group as at 30 June 2018 and for the years ended 30 June 2019 and 2018 were free from material misstatements. Any adjustments found to be necessary to the carrying amount or movements may have a consequential significant effect on the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018, balances of the share options reserve as at 30 June 2018 and other elements in the Group's consolidated financial statements for the years ended 30 June 2019 and 2018.

i) 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 year ended 30 June 2018 and for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect. Had these subsidiaries been consolidated, the contingent liabilities of the Deconsolidated Subsidiaries and commitments of the Group as disclosed in note 10(b) and note 25 respectively to the consolidated financial statements 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 note 10(b) and note 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. 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 the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018 and the related disclosures thereof in the consolidated financial statements.

j) 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 for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect. 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 the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018 and the related disclosures thereof in the consolidated financial statements.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which states that the Group recorded a net operating loss attributable to owners of the Company of approximately RMB38,913,000 (profit for the year of approximately RMB541,616,000 after excluding the gain on disposal of subsidiaries of approximately RMB580,529,000), and had operating cash outflows of approximately RMB26,448,000 for the year ended 30 June 2019. These matters, along with other matters as described in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2019,

- 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 2019.

REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises three INEDs, Mr. Chung Koon Yan, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zhen Han; Mr. Chung Koon Yan is the chairman of the Audit Committee. The establishment of the Audit Committee is in compliance with Rule 3.21 of the 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 2019.

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 2019.

PUBLICATION OF ANNUAL REPORT

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

CONTINUED SUSPENSION OF TRADING OF SHARES

Trading in the shares of the Company on the HKEx will remain suspended pending the fulfilment of the resumption conditions as set out in the Company's announcements dated 27 January 2017 and 6 September 2018 to the satisfaction of the HKEx.

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

Hong Kong, 30 August 2019

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*