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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 2020

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 2020 together with its comparative figures for the year ended 30 June 2019.

RESULTS OF OPERATIONS

	For the year ended 30 June		
	2020	2019	% change
	(RMB Million)	*(RMB Million)*	
Reported financial information			
Revenue	**451.8**	52.8	755.7
Other income	**7.6**	8.6	-11.6
Profit before tax	**33.1**	541.6	-93.9
Net operating profit/(loss)#	**24.8**	(38.9)	163.8
Profit attributable to shareholders	**24.8**	541.6	-95.4
Basic earnings per share (RMB)	**0.020**	0.433	-95.4

FINANCIAL POSITION

	As at 30 June 2020	As at 30 June 2019	% change
	(RMB Million)	*(RMB Million)*	
Total assets	**159.1**	119.7	32.9
Net current assets	**52.7**	22.9	130.1
Cash and cash equivalents	**31.5**	18.3	72.1
Shareholders' fund	**129.7**	105.4	23.1
Current ratio (x)	**2.80**	2.60	7.7

Net operating profit/(loss) refers to profit/(loss) for the year excluding gain on disposal of subsidiaries.

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the latest development, progress and annual results of the Group for the year ended 30 June 2020 to the shareholders of the Company.

REVIEW

The financial year of 2019/20 was a challenge for the Group. The world's economy was at a risk of global recession caused by increasing geopolitical tension, particularly trade disputes, between the People's Republic of China ("**China**" or the "**PRC**") and the United States of America, a global health crisis due to the COVID-19 pandemic and the unprecedented collapse in oil price. In the "Global Economic Prospects" issued by the World Bank Group in June 2020, GDP in China is expected to grow at a rate of 1.0% in 2020 which is significantly lower compared with previous years.

With the persevering effort of the Directors and senior management of the Company, significant progress had been made during the year ended 30 June 2020. With a view to resuming trading in the shares of the Company (the "**Shares**") as soon as possible, the Company has been demonstrating to The Stock Exchange of Hong Kong Limited ("**HKEx**") that it has a sufficient level of operations or assets of sufficient value to warrant the continued listing of the Shares in compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the HKEx (the "**Listing Rules**"). In March 2020, the Company received the Listing Review Committee's decision which stated that, among other things, the Company should be allowed additional time until 30 September 2020 to demonstrate to the satisfaction of the Listing Division that it meets the requirements of Rule 13.24 of the Listing Rules which came into effect on 1 October 2019. Details of these matters are disclosed in the "Management Discussion and Analysis" section under the sub-section headed "Other Significant Events" in this announcement.

For the Group's operations, a total revenue of RMB451.8 million was recorded for the year ended 30 June 2020, representing a significant increase of approximately 7.6 times as compared to the total revenue of RMB52.8 million for the year ended 30 June 2019. The operating results has turned around from a net operating loss of RMB38.9 million for the year ended 30 June 2019 to a net operating profit of RMB24.8 million for the year ended 30 June 2020. In addition to the stringent cost control on cultivation and other administrative expenses, the Group continued to develop its Plantation Business on the cultivation of a variety of fruits as well as to expand its Fruit Distribution Business on the distribution of a variety of premium fruits under its own brand "Royalstar 新雅奇". The Company strives to enhance the revenue and the shareholder value of the Company in the foreseeable future.

PROSPECT

The Group continues to closely monitor the reform of its Plantation Business through the implementation of different measures to improve its processes, such as cost control and productivity management, and through the diversified fruit projects. The Company considers that the Plantation Business will continue to perform steadily in accordance with its business plans. The Group also continues to receive recurring orders from various customers and cooperate with its suppliers seamlessly for its Fruit Distribution Business. It is expected that the scale of the Fruit Distribution Business and market penetration of the high-quality fruits under the Group's own brand "Royalstar 新雅奇" will continue to grow organically at a steady pace.

Despite the uncertainty surrounding the economic outlook and recovery speed of domestic economy in China, the Company considers that the impact on the market demand for fruits is not significant. The Group will remain conservative with a prudent attitude towards market changes caused by the COVID-19 pandemic in the coming year. Nevertheless, the Directors will take timely measures to mitigate any possible impact of economic downturn faced by the Group and will formulate necessary strategies or immediate measures and take further actions to enhance the long-term profitability and sustainability of the Group.

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 2020/21 onwards.

Ng Ong Nee
Chairman

31 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 June 2020, the principal business activities of the Group include the Plantation Business and the Fruit Distribution Business (as defined below).

The Plantation Business is principally engaged in the planting, cultivation and sales of agricultural produce in the PRC market (the "**Plantation Business**"). Currently, the agricultural produces, mainly oranges, are planted and cultivated by the Group at the Hepu Plantation located in Guangxi, the PRC (the "**Hepu Plantation**") and subsequently wholesaled to certain distributors in the PRC.

The Fruit Distribution Business is principally engaged in the distribution of various high-quality fruits in the PRC (the "**Fruit Distribution Business**"). The Group selects and provides technical and professional advisory services to quality suppliers for improvement in cultivation yield. Driven by the demand of the customers for different types of fruit, the Group sources various types of fruit from those quality suppliers. The Group then subsequently distributes the fruits to the customers after the necessary processing for the fruits (e.g. grading, cleaning, waxing, packing and labelling) under the Group's own brand "Royalstar 新雅奇" at a premium price.

The Group has continued to procure additional new customers across different cities in the PRC for further expansion of its Fruit Distribution Business as well as to secure additional supply agreements for enhancement of the variety of its fruits offered to customers. The recognition of the Company's own brand "Royalstar 新雅奇" and the strengthened relationships with the Group's suppliers and customers together attribute to the growth in the scale of operation and market penetration of the Group's businesses.

FINANCIAL REVIEW

Revenue

The Group recorded total revenue of RMB451.8 million (2019: RMB52.8 million) for the year ended 30 June 2020.

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

	For the year ended 30 June		
	2020	2019	Change
	RMB'000	*RMB'000*	
Plantation Business	**50,394**	35,533	41.8%
Fruit Distribution Business	**401,362**	17,289	2,221.5%
Total	**451,756**	52,822	755.2%

For the year ended 30 June 2020, the Group recorded revenue of approximately RMB50.4 million (2019: RMB35.5 million) from the Plantation Business as the harvest seasons of both winter and summer oranges in the Hepu Plantation have been completed. The increase in revenue was mainly attributable to (i) the increase in both production volume and sales volume for oranges as a result of improved cultivation precaution and fruit collection management at the Hepu Plantation; and (ii) the increase in average selling price of oranges during the harvest seasons in 2020 as a result of more premium-grade oranges being sold at a higher price, limited supply of oranges in the market caused by poor weather, and the increased demand for fruits in light of COVID-19 in 2020.

For the year ended 30 June 2020, the Group recorded revenue of approximately RMB401.4 million (2019: RMB17.3 million) from the Fruit Distribution Business, representing a growth rate of almost 22.2 times. The significant increase in revenue was mainly attributable to the increase in customer base and transaction volume as well as having more premium fruits in the product mix for the year ended 30 June 2020.

Other income

For the year ended 30 June 2020, the Group recorded other income in the amount of approximately RMB7.6 million (2019: RMB8.6 million), which were mainly generated from various business cooperation agreements with independent farmers and government subsidy received under the Employment Support Scheme from The Government of the Hong Kong Special Administrative Region. The drop in other income in comparison with last year was mainly attributable to the nationwide restriction of operations following the outbreak of COVID-19.

Realised gain arising from change in fair value of biological assets less costs to sell

For the year ended 30 June 2020, realised gain arising from change in fair value of the biological assets less costs to sell, which represented the net increase in fair value of the oranges when the Group's oranges became mature and were harvested, amounting to approximately RMB31.6 million (2019: RMB10.7 million) was recognised.

Staff costs

For the year ended 30 June 2020, staff costs of the Group amounted to approximately RMB12.7 million (2019: RMB14.6 million). The decrease in staff costs by approximately 13.0% was mainly attributable to the reduction of the total number of staff after the disposal of certain then subsidiaries of the Group in the PRC in the second quarter of 2019 (i.e. during the financial year ended 30 June 2019).

Distribution and other operating expenses

For the year ended 30 June 2020, the distribution and other operating expenses of the Group amounted to approximately RMB4.1 million (2019: RMB2.0 million), which comprised direct harvest and processing-related expenses, service charges for import fruits agent and transportation expenses. These expenses increased significantly by approximately 105.0% due to the increase in transaction volume of the Fruit Distribution Business especially on the service charges for import fruits agent and transportation expenses.

General and other administrative expenses

For the year ended 30 June 2020, the general and other administrative expenses of the Group amounted to approximately RMB21.7 million (2019: RMB31.8 million), which comprised primarily of office administration expenses, legal and professional fees, plantation security charges, auditors' remuneration, impairment losses recognised in respect of trade and other receivables, etc. These expenses decreased by approximately 31.8% mainly due to the disposal of certain then subsidiaries of the Group in the PRC in the second quarter of 2019 (i.e. during the financial year ended 30 June 2019) and the stringent cost control measures implemented by the Group.

Income tax expense

For the year ended 30 June 2020, income tax expense of the Group amounted to approximately RMB8.3 million (2019: Nil) which comprised the enterprise income tax charge payable by the Group under the Fruit Distribution Business on the profit earned in the PRC.

Profit from operation

For the year ended 30 June 2020, profit from operation of the Group was approximately RMB24.8 million (2019: loss from operation of the Group was approximately RMB38.9 million, after excluding the gain on disposal of subsidiaries of RMB580.5 million from profit for the year of RMB541.6 million), representing a significant increase by approximately 163.8% as compared to last year, which was mainly due to (i) the significant increase in revenue generated by the Group; and (ii) the decrease in staff costs and general and other administrative expenses as explained in the paragraphs above.

Profit attributable to shareholders for the year

For the year ended 30 June 2020, profit attributable to shareholders of the Company was approximately RMB24.8 million (2019: RMB541.6 million). The substantial change in profit attributable to shareholders of the Company was due to the absence of gain arising from the disposals of subsidiaries of the Group recognised in the year ended 30 June 2019.

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 30 June 2020 (2019: Nil).

CAPITAL

As at 30 June 2020, the total number of issued shares of the Company was 1,249,637,884 (30 June 2019: 1,249,637,884).

LIQUIDITY AND FINANCE RESOURCES

Liquidity

As at 30 June 2020, the Group did not have liabilities in respect of any debt instruments nor any bank borrowings. The net cash position of the Group was approximately RMB31.5 million as at 30 June 2020 (2019: RMB18.3 million).

As at 30 June 2020, the current ratio and quick ratio were 2.80 and 2.73 respectively (2019: 2.60 and 2.13 respectively).

Funding and treasury policy

During the year ended 30 June 2020, the Group had sufficient funds for its operation and would continue to adopt stringent cost control and conservative treasury policies in running the businesses.

Charge on assets

None of the Group's assets were pledged as at 30 June 2020.

Capital commitments

As at 30 June 2020, the Group had capital commitments of approximately RMB70,000 (2019: Nil), mainly in relation to the acquisition of property, plant and equipment in the Hepu Plantation.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign currency risk primarily through its cash and cash equivalents being 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 relatively limited transactions denominated in foreign currencies, hence its exposure to exchange rate fluctuation is currently minimal and the Group does not need to use any derivative contracts to hedge against its exposure to foreign exchange risk. Management manages the foreign exchange risk by closely monitoring the movement of the currency exchange rate from time to time.

EMPLOYEES OF THE GROUP

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

As at 30 June 2020, the Group had 36 (2019: 40) permanent employees.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2020 (2019: Nil).

OTHER SIGNIFICANT EVENTS

(1) 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.

(2) Resumption Conditions

As stated in the Company's announcements dated 27 January 2017 and 6 September 2018, the HKEx has notified the Company that the following conditions would apply before the making of any request by the Company for the resumption of trading of the Shares (the "**Resumption Conditions**"):

A. publish all outstanding financial results under the Listing Rules and address any audit qualifications;

B. clarify, address and take appropriate actions on the allegations;

C. demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and

D. inform the market of all material information for the shareholders and the investors to appraise the Company's position.

(3) Fulfillment of the Resumption Conditions

On 9 September 2019, the Company received a letter from the Listing Department stating that it was satisfied that the Company had fulfilled the first and second Resumption Conditions, namely:

A. publish all outstanding financial results under the Listing Rules and address any audit qualifications; and

B. clarify, address and take appropriate actions on the allegations.

However, the Listing Department was not satisfied that the Company has fulfilled the third Resumption Condition, namely, demonstrate the Company's compliance with Rule 13.24 of the Listing Rules.

(4) Listing Committee's decision on Cancellation of Listing

On 13 September 2019, the Company received a letter (the "**Letter**") from the HKEx stating that the Listing Committee of the HKEx (the "**Listing Committee**") decided to cancel the Company's listing under Rule 6.01A of the Listing Rules (the "**LC Decision**").

(5) Review by the Listing Review Committee (the "LRC") and the Decision thereof

After requesting for a written reason for the LC Decision, and receiving the same from the HKEx, the Company sought a request for review of the LC Decision by the LRC (the "**LRC Review**"). The review hearing of the LRC Review was held on 2 March 2020 (the "**Review Hearing**").

On 27 March 2020, the Company received the Listing Review Committee's decision in respect of the Review Hearing (the "**LRC Decision**"). The LRC Decision stated that the Listing Review Committee decided to overturn the Listing Committee's decision to cancel the Company's listing and that the Listing Review Committee considered that the Company should be allowed additional time until 30 September 2020 to demonstrate to the satisfaction of the Listing Division that it meets the requirement of Rule 13.24 of the Listing Rules which came into effect on 1 October 2019. The LRC Decision also stated, among other things, that trading of the Company's securities should remain suspended unless and until the Company demonstrates to the satisfaction of the Listing Division and/or the Listing Committee that it meets the requirements of Rule 13.24 and other relevant provisions of the Listing Rules by 30 September 2020.

(6) Continued Suspension of Trading of Shares

The Board hereby reminds the shareholders and potential investors of the Company that as at the date of this announcement, trading in the Shares on the HKEx remains suspended.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2020

	Note	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*5*	**451,756**	52,822
Other income	*6*	**7,580**	8,595
Cost of inventories used		**(409,332)**	(52,162)
Realised gain arising from changes in fair value of biological assets less costs to sell		**31,552**	10,702
Depreciation of property, plant and equipment and right-of-use assets		**(9,863)**	(10,421)
Staff costs		**(12,730)**	(14,616)
Gain on disposal of subsidiaries		**–**	580,529
Finance cost		**(71)**	–
Distribution and other operating expenses		**(4,081)**	(1,994)
General and other administrative expenses		**(21,733)**	(31,839)
Profit before tax	*7*	**33,078**	541,616
Income tax expense	*8*	**(8,306)**	–
Profit for the year attributable to owners of the Company		**24,772**	541,616
		RMB	*RMB*
Earnings per share	*9*		
– Basic and diluted		**0.020**	0.433

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**24,772**	541,616
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	**(436)**	(3,297)
– Reclassification adjustments for exchange differences on translating foreign operations disposed of	**–**	499
Other comprehensive loss for the year	**(436)**	(2,798)
Total comprehensive income for the year attributable to owners of the Company	**24,336**	538,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 RMB'000	2019 RMB'000
ASSETS			
Non-current Assets			
Property, plant and equipment		**75,821**	82,494
Right-of-use assets		**1,174**	–
		76,995	82,494
Current Assets			
Biological assets		**550**	5,438
Inventories		**1,478**	1,227
Trade and other receivables	*11*	**48,571**	12,314
Cash and cash equivalents		**31,496**	18,262
		82,095	37,241
Total Assets		**159,090**	119,735
EQUITY AND LIABILITIES			
Equity			
Share capital		**12,340**	12,340
Reserves		**117,392**	93,056
Total equity		**129,732**	105,396
LIABILITIES			
Current Liabilities			
Trade and other payables	*12*	**24,818**	14,339
Lease liabilities		**1,197**	–
Income tax payables		**3,343**	–
		29,358	14,339
Total Equity and Liabilities		**159,090**	119,735

NOTES

For the year ended 30 June 2020

1. GENERAL INFORMATION

The Company was 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 is investment holding. The principal activities of the subsidiaries of the Company are planting, cultivation and sale of agricultural produce and distribution of fruits.

The Company's functional currency is Hong Kong dollar ("**HKD**"). However, the consolidated financial statements are presented in Renminbi ("**RMB**"), as the Directors consider that RMB is the functional currency of the primary economic environment in which most of the Group's transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in the nearest thousands of RMB ("**RMB'000**"), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (collectively, the "**Group**").

Except as described below, the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

Prior years' consolidated financial statements

As disclosed in the consolidated financial statements of the Group 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 at the relevant time. 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 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 was alleged that such loan and the interests were due for repayment. It was further alleged that Tianyang Perfuming Garden had also pledged two pieces of land to Xue Zhen as security for the loan but such pledge had not been registered with the 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 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 Chen Deqiang's Allegation and Man Guifu's Allegation, 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 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 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) (the "**Agriculture Company**") 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 of the Group 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 believed that the occurrences of the Allegations and the inability of the management of the Company 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**") had adversely affected the normal operations of the Group and were against the interests of the shareholders of the Company.

As disclosed in note 28 to the consolidated financial statements of the Group for the year ended 30 June 2019 (the "**2019 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 have not been able to have access to complete books and records of the PRC subsidiaries (the "**Disposed PRC Subsidiaries**"), which were 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 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 2019 Financial Statements, the Directors were satisfied that the Group had 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 were available to the Group. In the opinion of the Board, any reconstruction of the correct accounting records would be impracticable as it would be necessary to verify the information with external and independent sources and such sources might not be available or might 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.

The Board had determined that the Group would continue with not consolidating the financial statements of the PRC Subsidiaries except for Lucky Team Hepu (hereinafter also referred to as the "**Deconsolidated Subsidiaries**"). As disclosed in the consolidated financial statements of the Group for the year ended 30 June 2016, the Deconsolidated Subsidiaries had been de-consolidated with effect from 1 July 2015. As such, the results, assets and liabilities of the Deconsolidated Subsidiaries had 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".

In the case of Lucky Team Hepu, the Group's control over this subsidiary was resumed on 28 September 2017 (the "**Resumed Date**") and its financial statements were re-consolidated into the Group since then.

As disclosed in note 29 to the 2019 Financial Statements, upon the Group resumed recording the assets and liabilities of Lucky Team Hepu on the Resumed Date, the resulting loss of approximately RMB231,718,000 was recognised in the Group's consolidated statement of profit or loss for the year ended 30 June 2018.

The Group had commenced restructuring of Lucky Team Hepu including, but not limited to, transfer all the key operating assets held by Lucky Team Hepu (i.e. buildings, farmland structures, machineries and equipment and any other fundamental facilities for the plantation and biological assets (i.e. citrus trees)) to the Agriculture Company. The asset transfer agreements were signed and completed in December 2018 and April 2019 respectively.

Furthermore, as mentioned above, the Group had disposed of the BPG Group and the Newasia Group respectively during the year ended 30 June 2019, which the Group had recognised a "gain on disposal of subsidiaries" amounting to approximately RMB580,529,000. Details of the disposal of the BPG Group and the Newasia Group are disclosed in note 28 to the 2019 Financial Statements.

Accordingly, the opening balances as at 1 July 2018 and comparative information for the year ended 30 June 2019 presented or disclosed in the consolidated financial statements as comparatives are based on the 2019 Financial Statements, which the Auditors have expressed a disclaimer of opinion in their auditors' report dated 30 August 2019. The comparative information may not be comparable with the figures presented or disclosed in respect of the current financial year.

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

(a) New and 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 amendments to IFRSs issued by the IASB, which are set out as follows:

IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
IFRS (Amendments)	Annual Improvements to IFRSs 2015-2017 Cycle
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation
IFRS 16	Leases
IFRIC–Int 23	Uncertainty over Income Tax Treatments

Except as described below, the application of the above new and amendments to 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.

IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases*, and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 July 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019.

As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

(ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iv) applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment; and

(v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is approximately 4%.

	As at 1 July 2019 *RMB'000*
Operating lease commitments disclosed as at 30 June 2019	2,864
Lease liabilities discounted at relevant incremental borrowing rate	2,754
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(451)
Lease liabilities relating to operating leases recognised upon application of IFRS 16 as at 1 July 2019	2,303
Analysis as	
– Current	1,152
– Non-current	1,151
	2,303

The carrying amount of right-of-use assets as at 1 July 2019 comprises the following:

	Right-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	2,303
By class:	
Properties lease for own use	2,303

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities relating to that lease recognised in the consolidated statement of financial position at 1 July 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 July 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as at 30 June 2019 *RMB'000*	**Adjustments** *RMB'000*	**Carrying amounts under IFRS 16 as at 1 July 2019** *RMB'000*
Non-current assets			
Right-of-use assets	–	2,303	2,303
Current liabilities			
Lease liabilities	–	(1,152)	(1,152)
Non-current liabilities			
Lease liabilities	–	(1,151)	(1,151)

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 30 June 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 July 2019 as disclosed above.

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

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

IFRS 17	Insurance Contracts[1]
IFRS 16 (Amendments)	COVID-19-Related Rent Concession[6]
IFRS 3 (Amendments)	Reference to the Conceptual Framework[5]
IFRS 3 (Amendments)	Definition of a Business[2]
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IAS 1 and IAS 8 (Amendments)	Definition of Material[4]
IAS 16 (Amendments)	Property, Plant and Equipment Proceeds before Intended Use[5]
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract[5]
IFRS 9, IAS 39 and IFRS 7 (Amendments)	Interest Rate Benchmark Reform[4]
IFRS (Amendments)	Annual Improvements to IFRSs 2018-2020[5]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2022.
6 Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in IFRS Standards, will be effective for annual periods beginning on or after 1 July 2020.

The Directors anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 and operating segments are summarised as follows:

Plantation Business	–	Planting, cultivation and sale of agricultural produce
Fruit Distribution Business	–	Distribution of various fruits

Segment results, assets and liabilities

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

	Plantation Business		Fruit Distribution Business		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
RESULTS						
Reportable segment revenue and revenue from external customers	**50,394**	35,533	**401,362**	17,289	**451,756**	52,822
Reportable segment results	**21,134**	(12,808)	**25,458**	(1,669)	**46,592**	(14,477)
Gain on disposal of subsidiaries					**–**	580,529
Finance cost					**(71)**	–
Unallocated corporate expenses					**(22,257)**	(24,653)
Unallocated corporate income					**508**	217
Profit for the year					**24,772**	541,616
ASSETS						
Segment assets	**92,260**	111,435	**61,487**	4,040	**153,747**	115,475
Unallocated corporate assets					**5,343**	4,260
Total assets					**159,090**	119,735
LIABILITIES						
Segment liabilities	**(9,790)**	(8,160)	**(7,591)**	(507)	**(17,381)**	(8,667)
Unallocated corporate liabilities					**(11,977)**	(5,672)
Total liabilities					**(29,358)**	(14,339)

Segment results represent the profit/(loss) after taxation from each segment without allocation of certain other income, gain on disposal of subsidiaries, certain depreciation of property, plant and equipment and right-of-use assets, 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 certain property, plant and equipment, right-of-use assets, certain deposits and other receivables, certain cash and cash equivalents, certain trade and other payables and lease liabilities.

Other Segment Information

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

	Plantation Business		Fruit Distribution Business		Unallocated		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Realised gain arising from changes in fair value of biological assets less costs to sell	**31,552**	10,702	**–**	–	**–**	–	**31,552**	10,702
Interest income	**13**	55	**23**	6	**–**	8	**36**	69
Depreciation of property, plant and equipment	**(8,097)**	(8,617)	**(14)**	(6)	**(576)**	(1,798)	**(8,687)**	(10,421)
Depreciation of right-of-use assets	**–**	–	**–**	–	**(1,176)**	–	**(1,176)**	–
Impairment losses (recognised)/ reversed in respect of trade and other receivables, net	**(2,967)**	(162)	**(1,149)**	(30)	**5**	–	**(4,111)**	(192)
Income tax expense	**–**	–	**(8,306)**	–	**–**	–	**(8,306)**	–
Gain/(loss) on disposal and written-off of property, plant and equipment	**–**	(4,784)	**–**	–	**25**	(164)	**25**	(4,948)
Written-off of biological assets	**(81)**	(1,562)	**–**	–	**–**	–	**(81)**	(1,562)
Written-off of inventories	**(55)**	–	**(1,039)**	–	**–**	–	**(1,094)**	–
Additions to property, plant and equipment	**1,685**	2,042	**16**	20	**288**	140	**1,989**	2,202

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 year contributing over 10% of the total sales of the Group are as follows:

	2020	2019
	RMB'000	*RMB'000*
Customer A[1]	**91,403**	–[4]
Customer B[2]	**82,990**	–[4]
Customer C[3]	**–[4]**	20,238
Customer D[3]	**–[4]**	8,416
Customer E[1]	**–[4]**	6,595
Customer F[1]	**–[4]**	6,291

1 Revenue generated from Customer A, Customer E and Customer F are attributable to Fruit Distribution Business.

2 Revenue generated from Customer B are attributable to both Plantation Business and Fruit Distribution Business.

3 Revenue generated from Customer C and Customer D are attributable to Plantation Business.

4 The corresponding revenue did not contribute over 10% of the total revenue of the Group for the corresponding year.

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

5. REVENUE

Disaggregation of revenue from contracts with customers

	Plantation Business		Fruit Distribution Business		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Sales of oranges and other citrus	**50,394**	35,533	**98,230**	13,514	**148,624**	49,047
Sales of other fruits	**–**	–	**303,132**	3,775	**303,132**	3,775
	50,394	35,533	**401,362**	17,289	**451,756**	52,822

All of the Group's revenue is recognised at a point in time.

6. OTHER INCOME

	Note	**2020** ***RMB'000***	2019 *RMB'000*
Management income	*(i)*	**6,915**	8,378
Interest income		**36**	69
Government subsidy	*(ii)*	**147**	–
Sundry income		**482**	148
		7,580	8,595

Note:

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

(ii) During the year ended 30 June 2020, the Group recognised government grant of approximately RMB147,000 which related to Employee Support Scheme provided by the Hong Kong government.

7. PROFIT BEFORE TAX

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

		2020 *RMB'000*	2019 *RMB'000*
(a)	**Staff costs (including directors' emoluments)**		
	– salaries, wages and other benefits	**12,328**	13,645
	– contribution to defined contribution retirement plans	**402**	971
		12,730	14,616
(b)	**Other items**		
	Auditors' remuneration		
	– Audit services	**2,193**	2,119
	– Non-audit services	**503**	530
		2,696	2,649
	Depreciation of property, plant and equipment	**8,687**	10,421
	Depreciation of right-of-use assets	**1,176**	–
	Exchange gain, net	**(335)**	(507)
	Impairment losses recognised in respect of trade and other receivables, net	**4,111**	192
	Legal and professional fees	**5,823**	6,699
	Operating lease expenses		
	– properties	**–**	1,551
	– plantation bases	**–**	1,534
	Expenses relating to short term leases	**252**	–
	(Gain)/loss on disposal and written-off of property, plant and equipment	**(25)**	4,948
	Written-off of biological assets	**81**	1,562
	Written-off of inventories	**1,094**	–
	Plantation security charges	**1,321**	1,349

8. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of profit or loss represents:

	2020 *RMB'000*	2019 *RMB'000*
Current tax		
PRC enterprise income tax	**8,306**	–

(i) Pursuant to the rules and regulations of Bermuda 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 introduced 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 HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 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 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 for both years.

(iii) 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. The Agriculture Company in the PRC engaged in qualifying agricultural business is entitled to full exemption of enterprise income tax.

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

(iv) PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

9. EARNINGS PER SHARE

The calculation of the earnings per share is based on the following data:

	2020	2019
	RMB'000	*RMB'000*
Profit		
Profit attributable to owners of the Company used in basic and diluted earnings per share calculations	**24,772**	541,616
Weighted average number of shares	***'000***	*'000*
Weighted average number of ordinary shares used in basic and diluted earnings per share calculations	**1,249,638**	1,249,638

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the year ended 30 June 2019.

Diluted earnings per share were the same as basic earnings per share for the year ended 30 June 2020 as there were no potential ordinary shares in issue.

10. DIVIDENDS

No dividend has been paid, declared or proposed by the Company during the year ended 30 June 2020 (2019: Nil).

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**12,628**	1,842
Less: Allowance for credit losses	**(343)**	(34)
	12,285	1,808
Deposits paid and other receivables	**40,079**	10,310
Prepayments	**313**	500
	40,392	10,810
Less: Allowance for credit losses	**(4,106)**	(304)
	36,286	10,506
Total trade and other receivables, net of allowance for credit losses	**48,571**	12,314

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

	2020	2019
	RMB'000	*RMB'000*
Less than 3 months	**12,285**	1,592
3 to 6 months	**–**	207
6 to 12 months	**–**	9
	12,285	1,808

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

The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	Note	2020 RMB'000	2019 RMB'000
Trade payables		**13,100**	6,211
Other payables and accruals	*(i)*	**11,360**	6,286
Deposits received		**–**	1,842
Amount due to a director		**358**	–
		24,818	14,339

Note:

(i) As at 30 June 2020, other payables and accruals mainly represent the outstanding legal and professional fees of approximately RMB7,919,000 (2019: RMB4,123,000).

The average credit period granted by suppliers was 30 days.

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:

	2020 RMB'000	2019 RMB'000
Less than 3 months	**5,413**	4,308
3 to 6 months	**7,687**	1,903
	13,100	6,211

13. CAPITAL COMMITMENTS

	2020 RMB'000	2019 RMB'000
Capital expenditure contracted for but not provided for in respect of acquisition of property, plant and equipment	**70**	–

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 2020.

CORPORATE GOVERNANCE PRACTICES

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 2020, 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 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 workforce 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 together with the plans for orderly succession to the Board and its structure, size and composition. The Board has adopted a nomination policy 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 2019, the senior management of the Company had reported all special enquiries from the shareholders and acted as the communication bridge between the shareholders and the INEDs as well as the Non-executive Director so that they could be aware of and understand the view of the shareholders accordingly.

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 of the Company in 2019 due to other business engagements, he had nominated the Deputy Chief Executive Officer as his alternate to attend and chair 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 2020.

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Company's auditors have issued a qualified opinion on the Group's consolidated financial statements for the year ended 30 June 2020, an extract of the auditors' report is as follow:

"Qualified Opinion

In our opinion, except for the possible effects on the corresponding figures of the matters described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Corresponding figures

We expressed a disclaimer of opinion in our auditors' report dated 30 August 2019 on the consolidated financial statements of the Group for the financial year ended 30 June 2019 (the "**2019 Financial Statements**"). The matters which led us to disclaim our opinion on the 2019 Financial Statements were in relation to the allegations (the "**Allegations**") which are described in detail in note 2 to the consolidated financial statements, in relation to which we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which they 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. Any adjustments found to be required in respect of these matters might have consequential significant effects on the profit, other comprehensive loss and amounts presented as cash flows from operating activities, and related elements and disclosures in the consolidated financial statements, for the year ended 30 June 2019. Details of these matters which led to our disclaimer of opinion on the 2019 Financial Statements are set out in the sub-sections headed "(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.* (廣西合浦農業冠華有限公司) 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**")"; "(b) Opening balances and comparative information"; "(c) Compliance with IFRSs and applicable laws and regulations"; "(d) Gain on disposal of subsidiaries"; "(e) Amounts due to the Deconsolidated Subsidiaries"; "(f) Amounts due from the Deconsolidated Subsidiaries"; "(g) Interests in subsidiaries and amount due to the Deconsolidated Subsidiaries"; "(h) Share options reserve"; "(i) Contingent liabilities and commitments"; and "(j) Related party transactions" in the "Basis for Disclaimer of Opinion" section of our auditors' report on the 2019 Financial Statements.

As disclosed in notes 2 and 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 disposal of the (i) entire issued share capital interests in BPG Food & Beverage Holdings Ltd. and its subsidiaries (the "**BPG Group**") (the "**First Disposal**") and (ii) entire issued share capital of Newasia Global Limited and its subsidiaries (the "**Newasia Group**") (the "**Last Disposal**"). The gain on disposal of the subsidiaries of approximately RMB580,529,000 was included in the consolidated statement of profit or loss for the year ended 30 June 2019.

Due to 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 to which the First Disposal and the Last Disposal took effect and the inability to complete the works to reconstruct the relevant books and records of the subsidiaries in these groups, the board of directors of the Company (the "**Directors**") was unable to ascertain the existence, rights and obligations, 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 and for the periods up until the respective dates of the First Disposal and the Last Disposal. 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 amounts presented as cash flows from operating activities 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 whether 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 contained material misstatements and hence whether any adjustments to the net liabilities of the BPG Group and 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 the balances of foreign currency translation loss reserves in relation to the BPG Group and Newasia Group as at the disposal 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 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 disposal dates and the balances of foreign currency translation loss reserves reclassified to profit or loss on the disposal dates, as disclosed in note 28 to the consolidated financial statements, as well as the resulting gain on disposal of the subsidiaries and the financial performance and cash flows of these groups of companies which were recognised in consolidated profit or loss and cash flows of the Group for the financial year ended 30 June 2019, were free from material misstatements.

Our audit opinion on the 2019 Financial Statements was modified accordingly in respect of the matters referred to above. Our opinion on the current year's consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."

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 2020.

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 2020.

Based on the review, the Audit Committee is aware that (i) the disclaimer of opinions on the Group's 2019 Financial Statements had been removed; and (ii) the only qualified opinion on the corresponding figures included in the Group's consolidated financial statements for the year ended 30 June 2020 is in line with the expected timeline of addressing the disclaimer of opinions.

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).

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

Hong Kong, 31 August 2020

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*