ASIAN CITRUS HOLDINGS LIMITED
亞洲果業控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: HKSE: 73)

Annual Report 2016/17

* *For identification purposes only*

CONTENTS

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FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

	For the year ended 30 June		
	2017	2016	% change
	(RMB Million)	*(RMB Million)*	
Reported financial information			
Revenue	**–**	–	0.0
Gross profit	**–**	–	0.0
Other income	**1.6**	0.7	128.6
EBITDA	**-26.8**	-5,216.6	-99.5
Loss before tax	**-28.5**	-5,216.6	-99.5
Loss attributable to shareholders	**-28.5**	-5,216.6	-99.5
Basic loss per share (RMB)	**-0.023**	-4.175	-99.4
FINANCIAL POSITION			
Total assets	**27.6**	53.5	
Net current liabilities	**-219.8**	-188.8	
Cash and cash equivalents	**16.5**	49.5	
Shareholders' fund	**-214.0**	-186.5	
Current ratio (x)	**0.09**	0.21	

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I wish to report the progress and latest development and the annual results for the year ended 30 June 2017 of the Group to all of you.

BUSINESS REVIEW

The Company had gone through a prolonged darkness in the financial years of 2015/16 and 2016/17. There were a lot of challenges and obstacles which had substantial impact on the Group's performance. However, the Directors and our senior management showed their solidarity with the Company and persistently tried their best to cope with the Beihai Minority Disputes and to resume the legal and physical control of one of our major subsidiaries in the People's Republic of China (the "**PRC**"), namely "Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展（合浦）有限公司)" ("**Lucky Team Hepu**") while the resumption of the legal and physical control of Lucky Team Hepu tackled part of the problems of the deconsolidation of certain PRC subsidiaries as disclosed in the next section, "Management Discussion and Analysis". The Group would consolidate the financial results of Lucky Team Hepu, representing the plantation business segment of the Group, as from 28 September 2017 in the next financial year of 2017/18 which would be reflected in the forthcoming interim report for the six months ended 31 December 2017.

In order to protect the interest of the Company, we had appointed legal professional in the PRC and initiated legal proceedings against certain deconsolidated PRC subsidiaries in March 2017. There are judgments granted in favour of the Company. Details of the litigations are disclosed in the paragraphs titled "Legal Cases of Deconsolidated Subsidiaries" in the next section, "Management Discussion and Analysis".

Due to the non-cooperation of the management of certain PRC subsidiaries in providing information to the auditors of the Company which caused delay in publication of financial results of the Group for the financial years of 2015/16 and 2016/17, the shares of the Company were suspended from trading on Alternative Investment Market ("**AIM**") of the London Stock Exchange and on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEx**") from 28 and 29 September 2016 respectively; and on 29 March 2017, the Company's shares were cancelled from trading on AIM of the London Stock Exchange. The Directors have been working closely with the auditors and eventually finalized the financial results of the Group for the years 2015/16 and 2016/17 and published the relevant reports in this month.

Since the Directors have been constantly striving to explore potential investments, on 25 August 2016 the Company acted as a guarantor for the execution of a conditional sales and purchase agreement through its wholly owned subsidiary with an independent third party to acquire Eagleton Global Investments Limited, which would indirectly hold 60% interest in certain PRC properties located at Shenzhen, the PRC. The transaction constituted a major transaction under the Rules Governing the Listing of Securities on the HKEx (the "**Hong Kong Listing Rules**") and would be subject to shareholders' approval in a special general meeting ("**Major Transaction**"). However, the Major Transaction was terminated on 30 September 2017 after the lapse of the long stop date on the same date. Details of the Major Transaction were disclosed in the next section, "Management Discussion and Analysis".

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PROSPECTS

Despite the occurrence of the above negative events, we believe that "Unity is Strength". The Directors and our senior management will prevail over those crisis and challenges and will turn them into new opportunities ultimately. Looking forward to the financial year of 2017/18 and the near future, we will continue to defend and enforce all the legal rights of the Group, to consider feasible restructure of the loss making subsidiaries of the Group and to explore new business opportunities which will bring prosperous contribution to the Company.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and business partners for your support and trust in us. I would also like to express our thankfulness to our management team and staff for their dedication and contribution to the Group.

Ng Ong Nee
Chairman

12 July 2018

BUSINESS REVIEW

The Group is principally engaged in the business of (i) planting, cultivation and sale of agricultural produce; and (ii) manufacture and sale of fruit juice concentrates, fruit purees and frozen fruit and vegetables. Due to the Beihai Minority Disputes (as disclosed hereinbelow in paragraphs titled "Other Significant Events") and the uncooperative management of certain People's Republic of China ("**PRC**") subsidiaries, the uncooperative PRC subsidiaries were deconsolidated from the Group (the "**Deconsolidation**") in the financial year ended 30 June 2017. As a result, the Group had only operated part of the business of planting, cultivation and sale of agricultural produce for the financial year ended 30 June 2017. However, the Directors will continue to protect and enforce all the interest of the Company by proceeding litigation against the uncooperative management of those deconsolidated PRC subsidiaries accordingly.

FINANCIAL REVIEW

Revenue and other income

Due to the Deconsolidation involving the uncooperative PRC subsidiaries of the plantation business and processed fruit business since the financial year of 2015/16, there was no revenue, cost of sales nor gross profit in respect of the plantation business of the Group for the financial year ended 30 June 2017 (2016: Nil). However, the Group recognised other income in the sum of RMB1.65 million in relation to the sales of commodities and interest received during the year ended 30 June 2017 (2016: RMB0.7 million).

Selling and distribution expenses

For the year ended 30 June 2017, the selling and distribution expenses of the Group amounted to RMB1.2 million (2016: Nil) which comprised mainly salaries and welfare of sales personnel, travelling and transportation expenses.

General and administrative expenses

For the year ended 30 June 2017, the general and administrative expenses of the Group slightly reduced to RMB28.9 million (2016: RMB31.0 million) by 6.8% when compared to last year's record, which comprised primarily of salaries, office administration expenses, depreciation and legal and professional fees.

Loss attributable to shareholders for the year

Due to the Deconsolidation, the loss attributable to shareholders for the year ended 30 June 2017 was RMB28.5 million (2016: loss from operation and loss attributable to shareholders amounted to RMB5,216.6 million). The significant decrease of the loss was due to the absence of impairment losses on amounts due from deconsolidated subsidiaries and absence of loss on deconsolidation of the deconsolidated subsidiaries.

DIVIDEND

The Board of Directors did not recommend the payment of a final dividend for the year ended 30 June 2017 (2016: Nil).

CAPITAL

As at 30 June 2017, the total number of issued shares of the Company was 1,249,637,884. Based on the closing price of HK$0.60 as at 29 September 2016, the last practicable date of publication of this report, the market capitalisation of the Company was approximately HK$749.8 million.

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

Liquidity

The current ratio and quick ratio were 0.09 and 0.08 respectively (2016: both 0.21).

Gearing ratio and debt ratio

As at 30 June 2017, the Group did not incur any debt instruments nor any bank borrowings. The net cash position of the Group was approximately RMB16.5 million as at 30 June 2017 (2016: RMB49.5 million).

Funding and treasury policy

During the financial year ended 30 June 2017, the Group had sufficient funds for the operation and would continue to adopt stringent cost control and conservative treasury policies in the forthcoming financial year.

Internal cash resource

The Group's funding resource comprises internal cash and cash equivalents. The Group did not have any outstanding borrowings as at 30 June 2017.

Charge on assets

None of the Group's assets were pledged as at 30 June 2017.

Capital commitments

Except for the Major Transaction (details were disclosed in the below paragraphs titled "Proposed Major Transaction and Subsequent Expiry of the Terms" under the Other Significant Events of this section) which was terminated on 30 September 2017, the Group did not have other capital commitments as at 30 June 2017 (2016: Nil).

Foreign exchange risk

The Group is exposed to currency risk, primarily through its cash and cash equivalents that are denominated in a currency other than the functional currency of the operation to which they related. The currencies giving rise to this risk are primarily Hong Kong dollars.

The Group has limited transactions denominated in foreign currencies, hence exposure to exchange rate fluctuation is minimal. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. Management manages the currency risk by closely monitoring the movement of the foreign currency exchange rate.

EMPLOYEES OF THE GROUP

The Group has adopted a competitive remuneration package since it aims to attract, retain and motivate high calibre individuals. Remuneration packages are performance-linked and business performance, market practices and competitive market conditions are all taken into consideration in determining 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 2017, the total headcount of the Group, not including the employees of the deconsolidated PRC subsidiaries after the Deconsolidation, was 34 (2016: 18).

CONTINGENT LIABILITIES

Due to the Beihai Minority Disputes (details of which are disclosed in the relevant paragraphs under the section headed "Other Significant Events"), the management of certain PRC subsidiaries of the Group did not provide sufficient explanation, financial information, or any monthly updates which would have offered a balanced and comprehensible assessment of those PRC subsidiaries' performance and position to the Directors for their duties under Rule 3.08 and Chapter 13 of the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HKEx**"). As a result, those PRC subsidiaries were deconsolidated in the consolidated financial statements of the Group during the year ended 30 June 2016. Details of the deconsolidation of those PRC subsidiaries and the related contingent liabilities were also disclosed in notes 2 and 10(e) to the consolidated financial statements of the Group for the year ended 30 June 2017.

Therefore, based on the limited information provided to the Directors in this regard, it is impossible for the Directors to ascertain, as at the date of approval of this annual report, the contingent liabilities of those deconsolidated subsidiaries during the reporting period of this annual report as they have been unable to gain access to the complete books and records and management personnel of the deconsolidated subsidiaries.

Save as disclosed in the above paragraphs and in the section with titled "Legal Cases of Deconsolidated Subsidiaries", to the best knowledge of the Directors' information, the Company did not have any contingent liabilities as at 30 June 2017.

OTHER SIGNIFICANT EVENTS

(1) PRC Business Cooperation Agreements

On 11 August 2016, the Company announced that the Group, before the decision of the Deconsolidation, had entered into 19 business cooperation agreements with independent farmers and an agriculture company with various contract periods ranging from 1 year to 25 years, pursuant to which (i) the independent farmers/agriculture company undertake to produce certain farm products, such as oranges, bananas, canes, lychee, etc., in specific areas of Hepu Plantation based on the quality standards and production requirements as stipulated in the business cooperation agreements; and (ii) the Group, before the decision of the Deconsolidation, agreed to support the farmers and the agriculture company through land preparation as well as providing technical services and production advice. Details of the aforesaid business cooperation agreements were disclosed in the Company's announcement dated 11 August 2016.

(2) Proposed Major Transaction and Subsequent Expiry of the Terms

On 25 August 2016, In-Season Limited, a wholly-owned subsidiary of the Company, had executed a conditional sales and purchase agreement ("**SPA**") with Greater Lead Limited, the vendor, to acquire the entire issued share capital of Eagleton Global Investments Limited, a limited company incorporated in the British Virgin Islands, which would indirectly hold 60% interest in a group (the "**Target Group**") after reorganization before completion. The Target Group owned two buildings of 8 storeys each, located at Nanshan Avenue, Nanshan District, Shenzhen, the PRC. The Company was a guarantor to the SPA and the total consideration of this transaction was HK$600 million, payable (i) by cash in the amount of HK$300 million and (ii) by procuring the Company to issue 600,000,000 consideration shares at the issue price of HK$0.50 per share to the vendor (or its designated nominee) on completion date. The transaction constituted a major transaction under the Hong Kong Listing Rules and would be subject to shareholders' approval in a special general meeting (the "**Major Transaction**").

On the same date, the Company entered into a placing agreement with a placing agent to procure, on a best effort basis, not less than six placees to subscribe, up to 610,000,000 shares of the Company at a price of HK$0.50 per share (the "**Placing**"). The entire net proceeds from the Placing would be applied as the cash consideration for the aforesaid acquisition under the SPA.

Due to the delay in publication of the annual results and annual report of the Company for the year ended 30 June 2016 and the relevant circular of the Major Transaction, the long stop dates of the SPA and the placing agreement had been extended on 23 December 2016 and 30 June 2017 to 30 June 2017 and 30 September 2017 respectively. However, the long stop dates of the SPA and the placing agreement had lapsed on 30 September 2017 eventually without further extension. Details of the Major Transaction, the extension of long stop dates, the delay in dispatch of the relevant circular and the lapse of the SPA and the placing agreement were disclosed in the Company's announcements dated 25 August 2016, 14 October 2016, 23 December 2016, 30 June 2017 and 29 September 2017 respectively.

(3) The Beihai Minority Disputes

In late September 2016, during the course of auditing for the year ended 30 June 2016, the auditors of the Company reported that (i) Mr. Man Gui Fu* (滿桂富) ("**Mr. Man**"), who was a minority shareholder, director and general manager of Beihai Perfuming Garden Juice Co., Ltd.* (北海市果香園果汁有限公司) ("**Beihai Perfuming Garden**") and also held other positions in some of the other PRC subsidiaries, had alleged that there were inaccuracies in the books and records of certain PRC subsidiaries of the Group and (ii) a finance manager of certain PRC subsidiaries of the Group, Mr. Chen De Qiang* (陳德強) ("**Mr. DQ Chen**"), had sent written correspondence to the auditors of the Company which indicated that certain amounts or balances in the internal records of certain customers or suppliers did not correspond to the internal records of the Group. Subsequently, the management of those PRC subsidiaries of the Group refused to provide information requested by the Directors and senior management of the Company (the "**Beihai Minority Disputes**").

In view of these allegations, the auditors of the Company considered that there was a need to reinforce their audit procedures and implement wider and more extensive tests on audit sampling in order to obtain sufficient and appropriate audit evidence to allow it to form its audit opinion on the Group's consolidated financial statements for the year ended 30 June 2016. The auditors also required performance of additional audit procedures, however Mr. Man and the employees of certain PRC subsidiaries adopted an uncooperative manner and refused to respond to the requests from the auditors, the Directors and the senior management of the Company. The Directors and senior management of the Company could not access the financial, legal and administration records of the PRC subsidiaries. In order to protect and enforce all the legal rights of the Group, the Company had engaged a legal professional in the PRC to handle the related disputes and issues.

Those PRC subsidiaries were deconsolidated in the Group's consolidated financial statements for the years ended 30 June 2016 and 2017.

Details of the Beihai Minority Disputes and its subsequent development were disclosed in the Company's announcements dated 29 September 2016, 8 November 2016, 22 December 2016, 15 March 2017, 30 June 2017, 29 September 2017, 31 October 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018 and 26 March 2018 and other monthly update announcements.

(4) Delay in publication of the annual results, annual reports of the Company for the financial years ended 30 June 2016 and 2017 and the interim results and interim reports of the Company for the six months ended 31 December 2016 and 2017

Due to the Beihai Minority Disputes being arisen in late September 2016, the auditors of the Company were of the view that there was a need to reinforce their audit procedures and implement wider and more extensive tests on audit sampling in order to allow it to form its audit opinion on the Group's consolidated financial statements for the year ended 30 June 2016. It was noted that the Group's audited consolidated financial statements for the year ended 30 June 2016 were not available for publication by 30 September 2016, pursuant to Rule 13.49(1) of the Hong Kong Listing Rules.

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On 27 February 2017 and 3 March 2017 respectively, the Company announced that there was no material development on the outstanding issues and documents from the PRC subsidiaries for the auditing purpose of the Company. The Company would continue to follow the necessary procedures advised by its PRC legal advisers to seek the requisite clarification and information that was needed by the auditors. As a result, the Company would not be able to publish the interim results and interim report for the six months ended 31 December 2016 pursuant to Rules 13.49(6) and 13.48(1) of the Hong Kong Listing Rules.

Subsequently, on 29 September 2017, the Company announced that it was working with its professional advisers and auditors to plan the necessary audit procedures following resumption of control over Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) ("**Lucky Team Hepu**") and would defer the publication of its audited financial statements for the years ended 30 June 2016 and 30 June 2017 to a later date.

Thereafter, on 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018 and 29 June 2018, the Company further announced that the publication of the interim results and interim report for the six months ended 31 December 2017, pursuant to Rules 13.49(6) and 13.48(1) of the Hong Kong Listing Rules, together with the outstanding financial statements for the 12 months ended 30 June 2016 and 2017 and the six months ended 31 December 2016 will be postponed to a later date which shall be no later than the end of July 2018.

Details of the delay in publication of annual results, interim results, annual reports and interim reports were disclosed in the Company's announcements dated 29 September 2016, 27 February 2017, 3 March 2017, 29 September 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018 and 29 June 2018 respectively.

(5) Suspension of Trading

On 29 September 2016, at the request of the Company, trading in the shares of the Company on the Main Board of the HKEx was suspended with effect from 9:00 a.m. (Hong Kong time) on Thursday, 29 September 2016 pending the release of the Group's annual results for the year ended 30 June 2016.

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

(6) Cancellation from Trading on AIM

On 27 March 2017, the Company announced that, as the London Stock Exchange would cancel the admission of AIM securities where these securities had been suspended from trading for 6 months, the Company's shares were cancelled from trading on AIM with effect from 29 March 2017.

(7) Legal Cases of Deconsolidated Subsidiaries

(1) Shareholders dispute relating to Beihai Perfuming Garden

In June 2017, the Company was made aware of service of proceedings from a PRC court whereby Mr. Man had commenced legal proceedings against a subsidiary of the Company alleging that Mr. Man had the right to require such subsidiary to transfer its 46.14% equity interest in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed by such subsidiary, Mr. Man and the original shareholders of Beihai Perfuming Garden in February 2010 ("**BPG Shareholders Dispute**").

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On or about 30 January 2018, the Group received three writs of summon issued by Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) on 10 January 2018 against (1) the Company, (2) BPG Food & Beverage Holdings Ltd. (果香園食品控股有限公司) and (3) Wealth Elite Investments Limited (鑫卓投資有限公司) requiring each to attend a court hearing scheduled on 13 March 2018 in respect of the BPG Shareholders Dispute.

On 13 March 2018, the representatives of the Group had attended the aforesaid court hearing at Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) whereby the parties' submissions regarding the verification of evidence were heard. It was noted that further court procedures would be followed pursuant to the PRC laws.

(2) Information rights proceedings relating to Tianyang Perfuming Garden

On 20 November 2017, the Company received a PRC court order ("**TPG Order**") made in the Group's favor and against Tianyang Perfuming Garden Food Industrial Co., Ltd.* (田陽果香園食品工業有限公司) ("**Tianyang Perfuming Garden**"), against which the Group had instituted legal proceedings to enforce its information rights as shareholder. Pursuant to the TPG Order, amongst others, Tianyang Perfuming Garden should, within fifteen days of the order effective date which was the date when the 30 days' period to appeal had lapsed since the date of receipt of the TPG Order by the last party ("**Order Effective Date**"), produce the following:

(i) for inspection and photocopying (for a period not more than 30 days) certain of its corporate records, including memorandum and articles of association and any amendments thereto, resolutions of the board of directors or any supervisory committee and financial reports; and

(ii) for inspection only (for a period not more than 30 days) certain of its accounting books and records, ledgers, contracts, invoices, bank confirmations as at 30 June 2015, 30 June 2016, 31 December 2016 and 30 June 2017 and latest company credit status report.

It was further noted that there was a request for appeal of the TPG Order from Tianyang Perfuming Garden made on 18 December 2017. On 24 January 2018 the Company was made aware of an appeal hearing scheduled on 5 February 2018 and the representative of the Company had attended the appeal hearing held on that date.

Finally, on 19 April 2018, the PRC legal advisers of the Company received a judgment in respect of the appeal delivered by Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) which stated that the court had (1) upheld the TPG Order, and (2) such judgement is final and conclusive.

(3) Information right proceedings relating to Beihai Perfuming Garden

On 26 June 2017, the PRC courts had formally accepted the Group's application to commence formal legal proceedings to enforce its information rights as shareholder of Beihai Perfuming Garden.

On 18 January 2018, the Group has received a court order ("**BPG Order**") made by Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) of the PRC made in favor of the Group and against Beihai Perfuming Garden. Pursuant to the BPG Order, Beihai Perfuming Garden shall, within thirty days of the effective date of the BPG Order, produce the following to the Group and its legal advisers:

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(i) for inspection and photocopying (at the domicile of Beihai Perfuming Garden) its memorandum and articles of association and any amendments thereto, resolutions of the board of directors or any supervisory committee, financial reports for a period prescribed in the BPG Order;

(ii) for inspection only (at the domicile of Beihai Perfuming Garden) all of its accounting books and records (including general ledgers, detailed ledgers, daily ledgers and other supplemental ledgers) and accounting vouchers (including bookkeeping vouchers, related original vouchers and relevant information in respect of the source documents for entry bookkeeping) for a period prescribed in the BPG Order; and

(iii) for inspection only (at the domicile of Beihai Perfuming Garden) all of its original bank account transaction statements, bank confirmations as at 30 June 2015 and 30 June 2016, 31 December 2016 and 30 June 2017, the latest company credit status report, all documents related to the sales and merchandise transactions (including all types of contract, invoices, delivery acknowledgement receipts and receipts) for a period prescribed in the BPG Order.

Pursuant to the BPG Order, the PRC court rejected the Group's request for the production of certain accounting records of Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司) and Beihai Super Fruit Co., Ltd.* (北海盛果商貿有限公司) (both subsidiaries of Beihai Perfuming Garden) on the basis that the claimant being only a shareholder of Beihai Perfuming Garden and had no ground to request such subsidiaries of Beihai Perfuming Garden to produce to it the requested records.

However, in early February 2018, the Group lodged a request for appeal of the rulings of the BPG Order ("**BPG Information Right Appeal**") which was transferred to Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) for the processing. On 27 April 2018, the Company was made aware of an appeal hearing would be scheduled to take place on 16 May 2018 and the representative of the Company had attended the appeal hearing held on that date. On 29 June 2018, the PRC legal advisers of the Company received a judgment in respect of the BPG Information Right Appeal delivered by Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) which stated that the court had (1) upheld the BPG Order, and (2) the judgement should be final and conclusive.

(4) Contractual dispute relating to Tianyang Perfuming Garden

In May 2017, the Group was informed that Tianyang Perfuming Garden was involved in a PRC court proceeding in which it was alleged to have defaulted in the payment of RMB3,717,017.28 for certain construction works and overdue interests of RMB340,674.95. Prior to May 2017, the Group was not made aware of any reports in respect of such court proceeding. The Company had since taken actions to request for the inspection of the accounting books and records of Tianyang Perfuming Garden in order to better understand its operations but has not received any response.

Subsequently, the Group was informed that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) had issued a judgment ordering Tianyang Perfuming Garden to pay damages and interests to the claimant and had further issued a notice on 12 January 2018 in respect of execution of the order ("**First TPG Judgement**"). The Company's PRC legal advisers advised the Group that upon issue of such notice, the court would initiate the process of seizure of the funds and assets of Tianyang Perfuming Garden and proceed with any other necessary recovery actions.

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In late February 2018, it was noted that Tianyang Perfuming Garden had been served with a service of proceeding from Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) whereby the same claimant under the First TPG Judgment has commenced a legal proceeding against Tianyang Perfuming Garden alleging that it had defaulted in the payment of RMB836,590.46 together with interests for the same construction work. A hearing required the attendance of Tianyang Perfuming Garden was scheduled in late March 2018.

In May 2018, the Group was informed that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) had issued an order ordering Tianyang Perfuming Garden to make a payment in the amount of RMB669,272.37, together with interests, to the aforesaid claimant ("**Second TPG Judgement**"). The Second TPG Judgement was subject to the requests for appeal by either party within the prescribed time limit under the PRC laws.

In June 2018, the senior management of Tianyang Perfuming Garden reported that the relevant PRC court had issued judgments ordering the freezing of a bank account held by Tianyang Perfuming Garden in respect of the First TPG Judgment, and the inclusion of Tianyang Perfuming Garden in the "List of Dishonest Persons subject to Enforcement" of the Supreme People's Court.

(5) Repayment of loan and interest in arrears relating to Tianyang Perfuming Garden

The Company was made aware of a PRC court order requiring Tianyang Perfuming Garden to repay a loan of RMB17 million together with interest in arrears. Pursuant to the court documents received, the Group understood the allegation relate to the fact that Tianyang Perfuming Garden had entered into a loan facility agreement with a person called Xue Zhen* (薛珍) on 1 June 2016 in respect of a loan in the amount of RMB17 million with interest rate of 6% per annum. It was alleged that such loan together with interests thereof were due for repayment. It was further alleged that Tianyang Perfuming Garden had also pledged two pieces of land to Xue Zhen as security for the loan but such pledge had not been registered with the relevant PRC authorities. The Company had since becoming aware of the legal proceedings made enquiries with Tianyang Perfuming Garden in connection with information related to such loan but Tianyang Perfuming Garden (which to the Company's knowledge its senior management, included Mr. Huang Xin, Mr. Pang Yi, Mr. Man Gui Fu and Mr. Wang Jia Yi) had yet to respond or cooperate. The Company had instructed its PRC legal advisers to attend the office of Tianyang Perfuming Garden to exercise its shareholders' right and made enquiries. The management at Tianyang Perfuming Garden refused to cooperate.

The Company was not aware of the existence of the above contractual documents or arrangements prior to receiving the above legal proceedings and would take legal advice in response to such claims, including but not limited to checking the authenticity of the contracts received. The Company reiterated that it would defend the aforesaid legal proceedings vigorously and would endeavour to claim against any and all losses the Group might suffer as a result.

Details of the legal proceedings and their updates were disclosed in the Company's announcements dated 29 September 2016, 30 June 2017, 29 September 2017, 31 October 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018 and 29 June 2018 respectively.

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POST BALANCE SHEET EVENTS

1. Completion of the acquisition of the Agriculture Company

On 1 December 2016, Lucky Team Hepu had entered into a cooperation agreement with an agriculture Company, namely Guangxi Hepu Guanhua Agriculture Co., Ltd* (廣西合浦冠華農業有限公司) (the "**Agriculture Company**"), for a term of 30 years (the "**Cooperation Agreement**") whereby the Agriculture Company would contribute fertilisers, pesticides and labour while Lucky Team Hepu would contribute the land, trees, machinery and the provision of technical support on cultivation and soil management. Under the Cooperation Agreement, the revenues generated from harvested oranges would be shared between Lucky Team Hepu and the Agriculture Company in the proportion of 10% and 90% respectively.

On 3 January 2017, the Group entered into a sale and purchase agreement with the owner of the Agriculture Company, who was an independent third party, to acquire 100% equity interest in the Agriculture Company with a total cash consideration of RMB1,000,000 (the "**Acquisition**"). The Agriculture Company was principally engaged in the operation of cultivation management and sale of oranges.

On 18 September 2017, the legal title of equity interests of the Agriculture Company was changed to the Company's wholly-owned subsidiary and the change of the legal representative of the Agriculture Company to the Company's nominated representative has also taken effect and reflected on public records of the State Administration for Industry and Commerce (the "**SAIC**") at Beihai City and Hepu County of the PRC.

Details of the Acquisition were also disclosed in notes 2 and 35(n) to the consolidated financial statements of the Group for the year ended 30 June 2017.

2. Resumption of the legal and physical control of Lucky Team Hepu

In August 2017, the legal representative of Lucky Team Hepu passed away and the Company initiated relevant applications to appoint a replacement legal representative and the directors of Lucky Team Hepu.

The Company had successfully resumed legal control over Lucky Team Hepu on 28 September 2017 and took possession and physical control of the land and buildings occupied by Lucky Team Hepu and the assets, books and records thereat in October 2017. Thereafter, the Company discussed with various professionals including valuers and auditors in relation to potential valuation and audit work in respect of Lucky Team Hepu and/or its property, plant and equipment and orange trees.

On 28 December 2017, the Company announced the update on work progress for Lucky Team Hepu. The Company had collated the documents found on-site at the Hepu office premises and appointed a PRC accountant to prepare the books and records and the financial statements of Lucky Team Hepu based on those available accounts and records for the period between January 2017 to September 2017.

Details of the aforesaid resumption of control were disclosed in the Company's announcements dated 15 March 2017, 27 March 2017, 29 September 2017, 31 October 2017, 30 November 2017 and 28 December 2017 respectively.

* *For identification purposes only*

DISCLAIMER OF OPINION FROM THE AUDITORS OF THE COMPANY

The auditors of the Company had issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 30 June 2017. Details of the basis of the disclaimer opinion were disclosed in the Independent Auditors' Report of this Annual Report.

Reference was made to the Beihai Minority Disputes (as disclosed in the paragraphs titled "Other Significant Events" above). Since the uncooperative management of certain PRC subsidiaries refused to provide requested information to the Directors and the auditors of the Company in connection with the preparation of the consolidated financial statements of the Group for the years ended 30 June 2016 and 2017, the Board tried to resolve the problems and had taken the following actions:

(i) Deconsolidated those PRC subsidiaries whose management refused to cooperate and response to the Directors and the auditors of the Company;

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

(iii) Engaged an independent professional to review the internal control systems of the Group;

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

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

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

CONDITIONS FOR RESUMPTION OF TRADING OF SHARES OF THE COMPANY

At the request of the Company, trading in the shares of the Company on the HKEx was suspended with effect from 9:00 a.m. (Hong Kong time) on Thursday, 29 September 2016. Reference is made to the announcement of the Company dated 27 January 2017 in relation to the resumption conditions (the "**Resumption Condition Announcement**"). As at the date of this annual report, all outstanding financial results (i.e. for the 12 months ended 30 June 2016, the 6 months ended 31 December 2016, the 12 months ended 30 June 2017 and the 6 months ended 31 December 2017) as required under the Hong Kong Listing Rules have been published by the Company. Trading in the shares of the Company on the HKEx will remain suspended pending the fulfilment of the remaining resumption conditions as stated in the Resumption Condition Announcement, including but not limited to the resumption condition that the Company will address the disclaimer opinion as included in the Company's annual reports for each of the two years ended 30 June 2016 and 2017.

EXECUTIVE DIRECTORS

Mr. NG Ong Nee, *Chairman, Chief Executive Officer and a member of the Remuneration Committee*

Mr. Ng Ong Nee, aged 64, joined the Board on 3 March 2014 as an Executive Director and was appointed as the Chairman of the Board on 4 August 2015. He is also a director of several subsidiaries of the Company. He is responsible for the overall strategic planning and direction of the Group. He has over 30 years of commercial and managerial experience in a variety of businesses and industries, including, in particular, strategic management, biological business and capital markets. Before joining the Company, he worked as the chief executive officer for a number of companies with multi-national businesses and investments. He has been responsible for leading, developing and executing the overall strategy and the day-to-day operations. He has been an Executive Committee member of the Chinese Enterprises Investment Association since 2013 and he was the vice president of the Hong Kong Australia Investment Association between 2007 and 2012. He was also a president of the Shenzhen-Hong Kong Business Association between 2006 and 2009.

Mr. NG Hoi Yue, *Deputy Chief Executive Officer*

Mr. Ng Hoi Yue, aged 54, joined the Board on 15 March 2013 as an Independent Non-executive Director and was re-designated as an Executive Director on 4 August 2015. He is also a director of several subsidiaries of the Company. He is a fellow member of The Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in England. He has been practising as a certified public accountant in Hong Kong since 1989. He is currently an independent non-executive director of See Corporation Limited (stock code: 491), Imperial Pacific International Holdings Limited (stock code: 1076) and Ulferts International Limited (stock code: 1711), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEx**"). He was an independent non-executive director of Landing International Development Limited (stock code: 582), the shares of which are listed on the HKEx, between 26 November 2010 and 2 October 2013.

NON-EXECUTIVE DIRECTOR

Mr. He Xiaohong, aged 43, joined the Board on 10 February 2017 as a Non-executive Director. He is the general manager of Shenzhen Yin Tong Lian Assets Appraisal Company Limited. He obtained the degree of Bachelor of Business Administration from Central South University in the People's Republic of China ("**PRC**") in 2013. He is also an economist accredited by Ministry of Human Resources and Social Security of the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHUNG Koon Yan, *Chairman of the Audit Committee and the Remuneration Committee*

Mr. Chung Koon Yan, aged 54, joined the Board on 12 November 2013. He obtained a master's degree in Professional Accounting from the Hong Kong Polytechnic University. He is a practising member of the Hong Kong Institute of Certified Public Accountants, a fellow member of both The Association of Chartered Certified Accountants and The Institute of Chartered Accountants in England and Wales. He is a director of Chiu, Choy & Chung C.P.A. Limited and has more than 20 years of experience in accounting, auditing and taxation. Currently, he is an independent non-executive director of Great World Company Holdings Limited (stock code: 8003), Synergy Group Holdings International Limited (Stock code: 8105) and Winson Holdings Hong Kong Limted, the shares of which are listed on the Growth Enterprise Market of the HKEx. He was an independent non-executive director of China Financial Leasing Group Limited (stock code: 2312), Landsea Green Properties Co., Limited (stock code: 106) and Well Way Group Limited (stock code: 8063), the shares of which are listed on the Main Board/Growth Enterprise Market of the HKEx. He has the professional qualifications and accounting expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on the HKEx.

Dr. LUI Ming Wah, *PhD, SBS JP, a member of the Audit Committee and the Remuneration Committee*

Dr. Lui Ming Wah, PhD, SBS JP, aged 80, joined the Board on 2 June 2004. He is an industrialist served as the chairman, the president and the vice president of the Hong Kong Electronic Industries Association, Hong Kong Shandong Chamber of Commerce and The Chinese Manufacturers Association of Hong Kong, respectively. He was a member of the Chinese People's Political Consultative Conference. He was elected as a member of the Legislative Council of Hong Kong in May 1998 for a term of two years. In the 2000 and 2004 Legislative Council elections, he was re-elected for a term of four years each. He is an adviser professor of Shandong University. He obtained his master of applied science and doctor of philosophy degrees from the University of New South Wales in Australia and the University of Saskatchewan in Canada, respectively. He was also a member of the Hong Kong Economic Development Commission Chaired by the Chief Executive of Hong Kong. He is currently the managing director of Keystone Electronics Co. Limited and an independent non-executive director of a number of other companies, the shares of which are listed on the Main Board/Growth Enterprise Market of the HKEx, including AV Concept Holdings Limited (stock code: 595), Gold Peak Industries (Holdings) Limited (stock code: 40), S.A.S. Dragon Holdings Limited (stock code: 1184), and L.K. Technology Holdings Limited (stock code: 558).

Mr. YANG Zhen Han, *a member of the Audit Committee*

Mr. Yang Zhen Han, aged 86, joined the Board on 2 June 2004. He obtained a bachelor's degree in chemical engineering from Shanghai Jiao-Tong University in 1953. He is a machine-building specialist with over 30 years of experience. He was a director of the Foreign Economic Relations and Trade Commission of Shanghai Municipality, responsible for the international trade and foreign investment affairs of Shanghai from 1983 to 1985. In addition, He was a member of Guangzhou Chinese People's Political Consultative Conference from 2002 to 2007.

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Miss Ng Ling Ling, aged 45, joined the Company in December 2013 as the financial controller of the fruit processing business of the Company and was appointed as the Company Secretary and the Chief Financial Officer on 3 August 2015 and 12 November 2015, respectively. She is responsible for overseeing accounting and finance functions of the Group. She obtained a master's degree in Professional Accounting from the Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. She has many years of experience in accounting, financial reporting and company secretarial matters in companies listed on HKEx.

The directors of the Company (the "**Directors**") are pleased to present their report on the affairs of the Company, together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") and the independent auditor's report, for the year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is an exempted company incorporated under the laws of Bermuda with limited liability on 4 June 2003. The principal activities of the Group are planting, cultivation and sale of agricultural produce, manufacture and sale of fruit juice concentrates, fruit purees and frozen fruit and vegetables which were carried on by certain People's Republic of China ("**PRC**") subsidiaries. Those PRC subsidiaries are deconsolidated in the Consolidated Financial Statements for the year ended 30 June 2016.

BUSINESS REVIEW

A review of the Group's performance, business activities and development is included in the Chairman's Statement and the Management Discussion and Analysis on pages 3 to 14 of this annual report.

RESULTS

The loss attributable to shareholders for the year is set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 68.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2017 (2016: Nil).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 139.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 72 and Note 28(a) to the Consolidated Financial Statements respectively. As at 30 June 2017, no reserves of the Company were available for distribution (2016: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in Note 16 to the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws of the Company, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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 2017.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 28(b) to the Consolidated Financial Statements.

DIRECTORS

The Directors during the year and up to the date of this report are set out below:

Directors

Executive Directors
Mr. Ng Ong Nee *(Chairman and Chief Executive Officer)*
Mr. Ng Hoi Yue *(Deputy Chief Executive Officer)*

Non-executive Director
Mr. He Xiaohong (appointed on 10 February 2017)

*Independent Non-executive Directors ("**INEDs**")*
Mr. Chung Koon Yan
Dr. Lui Ming Wah, PhD, SBS JP
Mr. Yang Zhen Han

Changes in the Composition of the Board

With effect from 10 February 2017, Mr. He Xiaohong was appointed as a Non-executive Director.

Rotation

In accordance with bye-laws 88(1) and 88(2) of the Company's Bye-laws (the "**Bye-Laws**"), one-third of the Directors (other than those appointed pursuant to bye-law 87(2) of the Bye-Laws) shall retire from office by rotation and, being eligible, offer themselves for election. Accordingly, Mr. Ng Ong Nee, Mr. He Xiaohong and Mr. Chung Koon Yan retired from office at the 2017 annual general meeting (the "**AGM**"), Mr. Ng Ong Nee, Mr. Xiaohong and Mr. Chung Koon Yan, being eligible, had offered themselves for re-election and were then re-elected as Directors.

Details of the Directors' service contracts and appointment letters are described in the "Corporate Governance Report" on page 31 of this annual report.

Save as disclosed above, none of the Directors proposed for re-election at the 2017 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received from each of the INEDs an annual confirmation of his independence in writing pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HKEx**") and the Board considers them to be independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "**SFO**")) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were notified to the Company and the HKEx, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), are set out below:

Name of Directors/ Chief Executive	Class of shares	Number of ordinary shares held: Personal interests	Family interests	Corporate interests	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital
Mr. Ng Ong Nee	Ordinary shares	–	–	179,252,394 *(Note 1)*	–	179,252,394	14.34%
Dr. Lui Ming Wah, PhD, SBS JP	Share options	–	–	–	500,000 *(Note 2)*	500,000	0.04%
Mr. Yang Zhen Han	Share options	–	–	–	500,000 *(Note 3)*	500,000	0.04%

Notes:

(1) The corporate interests of 179,252,394 shares are owned by Changjiang Tyling Management Company Limited ("**Changjiang Tyling**"), a company 50% owned by Mr. Ng Ong Nee, the Company's Chairman, an Executive Director and Chief Executive Officer.

(2) 500,000 shares would be allotted and issued to Dr. Lui Ming Wah, PhD, SBS JP, an INED upon his exercise in full of the share options granted to him under a post listing share option scheme adopted by the Company on 2 November 2009 and becoming effective upon the commencement of dealings of the shares on the HKEx on 26 November 2009 (the "**Post Listing Share Option Scheme**"). These share options, all of which remained exercisable as at 30 June 2016, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 20 May 2018. These share options lapsed on 26 May 2018.

(3) 500,000 shares would be allotted and issued to Mr. Yang Zhen Han, an INED upon his exercise in full of the share options granted to him under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2016, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018. These share options lapsed on 26 May 2018.

Save as disclosed above, none of the Directors, the Chief Executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of SFO) as at 30 June 2017 as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the HKEx pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, so far as is known to the Directors, the persons or companies (other than the Directors and the Chief Executive of the Company) who/which had an interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Division 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Number of shares held	Approximate percentage of interest in the issued shares of the Company
Changjiang Tyling *(Note 1)*	179,252,394	14.34%
Mr. Ng Ong Nee *(Note 1)*	179,252,394	14.34%

Notes:

(1) Changjiang Tyling is 50% owned by Mr. Ng Ong Nee and 50% owned by a third party independent to the Company and its connected persons. Mr. Ng Ong Nee (who is also a director of Changjiang Tyling) is deemed to be interested in 179,252,394 shares held by Changjiang Tyling by virtue of the SFO.

(2) The Company had issued share capital of 1,249,637,884 shares on 30 June 2017.

Save as disclosed above, the Directors are not aware of any other persons or companies (other than the Directors and the Chief Executive of the Company) who/which had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Division 2 and 3 of Part XV of the SFO or were required to be entered in the register required to be kept by the Company under section 336 of the SFO.

POST LISTING SHARE OPTION SCHEME

The Post Listing Share Option Scheme is the only effective share option scheme of the Company which was adopted by the Company on 2 November 2009 and became effective upon the commencement of dealings of the Shares on the HKEx on 26 November 2009. The purpose of the Post Listing Share Option Scheme is to reward participants who have contributed to the Group and to provide incentives to participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

The Board may, at its discretion and on such terms as it may think fit, grant an option to any participant, including directors (including executive directors, a non-executive director and independent non-executive directors) and full time employees of the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the development and growth of the Group.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post Listing Share Option Scheme must not exceed 77,055,980 Shares, representing 10 per cent. of the Shares in issue upon listing of the Company on the Main Board of the HKEx. The total number of the Shares issued and to be issued upon exercise of the options granted to each grantee under the Post Listing Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not exceed 1 per cent. of the Shares in issue for the time being unless approval from the shareholders of the Company in general meeting is obtained with such grantee and his/her/its associates abstaining from voting.

The exercisable period of an option under the Post Listing Share Option Scheme will be notified by the Board to each participant which shall not exceed 10 years from the date upon which the option is deemed to be granted and accepted. The Board will determine the minimum period, which shall be no less than one year, for which an option must be held before it becomes exercisable. The grantee is not required to pay any consideration for acceptance of the options.

The subscription price for the Shares payable on the exercise of an option shall be a price determined by the Board at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the HKEx on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the HKEx for the five business days immediately preceding the date of grant; or (iii) the nominal value of the Shares.

The Post Listing Share Option Scheme is valid for a period which commenced on 26 November 2009 and will expire on 1 November 2019.

As at the date of this report, the total number of Shares available for issue under the Post Listing Share Option Scheme shall be 45,534,000, representing approximately 3.64 per cent. of the entire issued share capital of the Company.

Further details regarding the principal terms of the Post Listing Share Option Scheme were included in the Company's listing document dated 23 November 2009 under the section "Appendix IV Statutory and General Information – D. Other Information – I. Share Option Scheme".

Movements of the respective share options granted under the Post Listing Share Option Scheme during the year ended 30 June 2017 are as follows:

Name or Category of participants	Number of Underlying Shares comprised in Options Balance as at 1 July 2016	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 30 June 2017	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Directors									
Dr. Lui Ming Wah, PhD, SBS JP	500,000	–	–	–	500,000*	27/5/2010	27/5/2011 –26/5/2018	HKD5.68	–
Mr. Yang Zhen Han	500,000	–	–	–	500,000*	27/5/2010	27/5/2011 –26/5/2018	HKD5.68	–
Employees and others:									
In aggregate	9,764,000	–	–	300,000	9,464,000*	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
	16,700,000	–	–	–	16,700,000	28/2/2011	28/2/2012-27/2/2019	HKD9.00	
	18,670,000	–	–	300,000	18,370,000	21/5/2015	21/5/2016–20/5/2019	HKD1.47	–
	46,134,000	–	–	600,000	45,534,000				

*　These share options lapsed on 26 May 2018

Other than as disclosed above, no other share option was granted, cancelled or exercised or lapsed pursuant to the Post Listing Share Option Scheme during the year ended 30 June 2017 and none of the Directors or Chief Executive of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations within the meaning of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the year was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and Chief Executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation (with the meaning of Part XV of the SFO).

RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in Notes 4(r)(i) and 11(a) to the Consolidated Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the issued shares in the Company were held by the public (i.e. the prescribed public float applicable to the Company under Rule 8.08 of the Hong Kong Listing Rules) during the year and up to the date of this annual report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Apart from the information disclosed under the section headed "Connected Transactions" below, there was no other contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisting at the end of the year or at any time during the year, and in which the Directors had direct or indirect material interest, nor was there any other contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 30 June 2017, none of the Directors were interested in any business which competed or was likely to compete directly or indirectly with the Company's business.

CONNECTED TRANSACTIONS

During the year, the Group had no connected transactions which are required to be disclosed in accordance with the Hong Kong Listing Rules (2016: HK$650,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year ended 30 June 2017, the Group had some other income from general trading business which sold products by e-Commerce to a wide range of independent customer around the world. There were no major customers of major suppliers in respect of the general trading business.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMMUNICATIONS WITH SHAREHOLDERS

The Board attaches great importance to maintaining good relationships with its shareholders. Extensive information about the Company's activities is included in the annual and interim reports, which will be sent to all shareholders. Inside information is regularly released to all shareholders and the market concurrently in accordance with the Hong Kong Listing Rules. The AGM will provide an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. All announcements will be posted to the corporate website (www.asian-citrus.com) where information on the Company is regularly updated.

The executives of the Company meet with institutional investors, fund managers and analysts, as part of an active investor-relations program to discuss long-term issues and receive feedback.

CORPORATE GOVERNANCE

A report on the Company's corporate governance practices is set out on pages 26 to 33 of this annual report.

EMOLUMENT POLICY

As at 30 June 2017, the Group had 34 employees (not including those of the deconsolidated PRC subsidiaries), compared to 18 employees in the previous financial year.

The Company has set up the Remuneration Committee and its functions and duties are, amongst other matters, to review and approve the overall remuneration policy of the Group as well as the remuneration packages for Executive Directors and senior management of the Company.

The remuneration policy and package of the Group's employees are structured by reference to market terms in all localities in which the Group operates, for the purpose of recruiting and retaining suitable talents. The Group also provides other employee benefits such as, discretionary bonuses, mandatory provident fund contributions and a share option scheme to the employees.

Details of the Directors' emoluments and individuals with the highest emoluments are set out in Notes 13 and 14 to the Consolidated Financial Statements and on pages 31 to 32 of the Corporate Governance Report.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period are provided in Note 35 to the Consolidated Financial Statements.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the Company's independent auditor the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 30 June 2017.

INDEPENDENT AUDITOR

The Consolidated Financial Statements were audited by HLB Hodgson Impey Cheng Limited which will retire at the forthcoming AGM. A resolution will be proposed at such meeting to re-appoint HLB Hodgson Impey Cheng Limited as independent auditor of the Company and authorise the Board to fix its remuneration.

By order of the Board

Ng Ong Nee	**Ng Hoi Yue**
Executive Director	*Executive Director*
12 July 2018	12 July 2018

The information set out on pages 26 to 33 and the information incorporated by reference constitute the Corporate Governance Report of the Company.

The Company is committed to maintain good corporate governance practices and procedures for enhancing the accountability and transparency of the Company to its investors and shareholders.

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 "**Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") and the UK Corporate Governance Code (for the listed companies in the United Kingdom), which consists of principles of good governance and covers the areas of: (i) Leadership; (ii) Effectiveness; (iii) Accountability; (iv) Remuneration; and (v) Relations with shareholders, although the Company's shares were cancelled from trading on the Alternative Investment Market of the London Stock Exchange on 29 March 2017.

During the year ended 30 June 2017, the Company has complied with the Code Provisions of the CG Code, except for the following deviations:

Code Provision A.2.1

Mr. Ng Ong Nee, the Chief Executive Officer of the Company, was appointed as Chairman of the Board on 4 August 2015. Since then, the roles of the Chairman and Chief Executive Officer have been performed by same individual, Mr. Ng Ong Nee, and were not separated. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person enables more effective and efficient overall strategic planning for the Group. The Board meets regularly to consider issues related to corporate matters affecting the operations of the Group and considers that the balance of power and authority for such arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high caliber individuals with sufficient number thereof being Independent Non-executive Directors ("**INEDs**").

Code Provision A.5.1

The Company does not have a nomination committee. The Directors do not consider that, given the size of the Group and current stage of its development, it is necessary to have a nomination committee. However, this will be kept under regular review by the Board. The Board as a whole regularly reviews the plans for orderly succession to the Board and its structure, size and composition. If the Board considers that it is necessary to appoint new Director(s), it will set the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in case of the INEDs, the independence requirements set out in the Hong Kong Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Executive Directors and is subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Code Provisions C.1.1 & C.1.2

The management of certain deconsolidated People's Republic of China ("**PRC**") subsidiaries of the Group did not provide sufficient explanation and information to the Directors to make an informed assessment of financial and other information, nor provide any monthly updates giving a balanced and understandable assessment of those deconsolidated PRC subsidiaries' performance and position to the Directors for their duties under Rule 3.08 and Chapter 13 of the Hong Kong Listing Rules.

During the course of auditing for the previous financial year ended 30 June 2016, the auditors of the Company reported that: (i) a director of certain deconsolidated PRC subsidiaries of the Group had alleged that there were inaccuracies in the books and records of certain deconsolidated subsidiaries of the Group and (ii) a finance manager of certain deconsolidated PRC subsidiaries of the Group had sent written correspondence to the auditors indicated that certain amounts or balances in the internal records of certain customers or suppliers did not correspond to the internal records of the Group. Subsequently, those management of such deconsolidated PRC subsidiaries of the Group refused to provide information requested by the Directors and senior management of the Company. In order to protect and enforce all the legal rights of the Group, the Company had engaged legal professional in PRC to handle those disputes issues arose and there were judgments of certain litigations granted in favour of the Group (the "**Beihai Minority Disputes**"). Those PRC subsidiaries were deconsolidated in the Company's financial statements for the year ended 30 June 2016. In late September 2017, the Group regained the control of a PRC major subsidiary, Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展（合浦）有限公司) ("**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 will re-consolidate the performance results of Lucky Team Hepu, from 28 September 2017 onwards, in the Group's consolidated financial statements for the six months ended 31 December 2017.

Details of the legal procedures and audit work progress and their updates are disclosed in the Company's announcements dated 29 September 2016, 30 June 2017, 29 September 2017, 31 October 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018 and 29 June 2018 respectively.

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

Due to the Beihai Minority Disputes, the Directors and senior management of the Company could not access certain financial, legal and administration records of certain deconsolidated PRC subsidiaries, except Lucky Team Hepu which was retrieved back in late September 2017 and its results would be reconsolidated to the Group in the next financial year as mentioned in the aforesaid paragraph, which affected the execution of annual review under the previous internal control system of the Group. As mentioned in the aforesaid paragraph, the Company had engaged legal professional in PRC in order to protect and enforce all the legal rights of the Group and to obtain copies of the relevant documents as a shareholder of those deconsolidated PRC subsidiaries. On the other hand, the Group has implemented a strengthened internal control system which has been reviewed by a professional accounting firm for the year ended 30 June 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct for dealings in its securities. Following a specific enquiry made to all Directors by the Company, each of them has confirmed that he had fully complied with the required standard as set out in the Model Code throughout the year ended 30 June 2017.

BOARD OF DIRECTORS

The Board meets regularly during the year and the Directors receive information between meetings about the activities of the Group. All Directors have full and timely access to all relevant information of the Group. In addition to the meetings of the Board, the senior management also communicates frequently to review and discuss the daily operation of the Group.

* *For identification purposes only*

Board Composition

The Board has in its composition a balance of skills and experience necessary for independent decision making and fulfilling its business needs.

As at 30 June 2017, the Board comprised six members, including two Executive Directors, one Non-executive Director and three INEDs, as follows:

Executive Directors
Mr. Ng Ong Nee *(Chairman & Chief Executive Director)*
Mr. Ng Hoi Yue *(Deputy Chief Executive Director)*

Non-executive Director
Mr. He Xiaohong *(appointed on 10 February 2017)*

Independent Non-executive Directors
Mr. Chung Koon Yan
Dr. Lui Ming Wah, PhD, SBS JP
Mr. Yang Zhen Han

Biographical details of the Directors are set out on pages 15 to 16.

Responsibilities of the Board

The Board formulates the long term strategies of the Group and is responsible for leading the Group in the areas of management, research and innovation as well as financial performance. There is a clear division of responsibilities between the Board and management. Decisions delegated by the Board to the management include implementation of the policy and direction determined by the Board, monitoring the business operation, preparation of financial statements, corporate governance and compliance with applicable laws and regulations.

The Bye-Laws of the Company set out the responsibilities and proceedings of the Board. Significant operational policies have to be discussed and approved by the Board. To enable the Directors to meet their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

Board Diversity Policy

The Board has adopted the board diversity policy with effect from 1 September 2013 and discussed all measurable objectives set for implementing the policy.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Board Meetings

The Board is scheduled to meet at least four times a year at approximately quarterly intervals with notice given to the Board of Directors at least 14 days in advance. For additional Board meetings which require discussion and resolution of significant issues arising during the operation of the Company, notice is given at a reasonable time in advance.

Before each Board meeting, a draft agenda is sent out to all Directors at least three days or such other period as agreed in advance in order to allow the Directors to include any other matters in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to make informed decisions, Board papers together with all appropriate and relevant information in relation to the matters of the meeting are sent to all Directors three days or such other period as agreed before each Board meeting.

The Company Secretary is responsible for keeping the minutes of all Board meetings. Draft minutes are normally circulated to the Directors for comments within a reasonable time after each meeting and the final version is open for the Directors' inspection. Minutes of meetings of the Board and the Board committees record in detail the matters considered and the decisions reached, including any concerns raised by the Directors or dissenting views expressed. According to the Hong Kong Listing Rules, any Directors and their respective close associates (as defined in the Hong Kong Listing Rules) who have a conflict of interest or with a material interest in the transactions to be discussed at the physical Board meetings will abstain from voting on resolutions approving such transactions and will not be counted in the quorum of meetings.

Save as disclosed, none of the Directors has any relationship including financial, business, family or other material relationship with each other.

All Directors have access to the advice and services of the Company's legal advisors and the Company Secretary who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

Attendance of Meetings

During the year ended 30 June 2017, the Board convened a total of 11 Board meetings, 2 Audit Committee meetings and 3 Remuneration Committee meetings. Besides, the Directors also attended the 2016 AGM to understand the views of the shareholders.

		Board Committee Meetings		
Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Annual General Meeting
	(Number of Times of Attendance/Total No. of Meetings)			
Executive Directors:				
Mr. Ng Ong Nee *(Chairman & Chief Executive Officer)*	11/11	N/A	3/3	0/1
Mr. Ng Hoi Yue *(Deputy Chief Executive Officer)*	11/11	N/A	N/A	1/1
Non-executive Director:				
Mr. He Xiaohong*	3/11	N/A	N/A	0/1
Independent Non-executive Directors:				
Mr. Chung Koon Yan #	11/11	2/2	3/3	1/1
Dr. Lui Ming Wah, PhD, SBS JP	11/11	2/2	3/3	1/1
Mr. Yang Zhen Han	11/11	2/2	N/A	0/1

Remarks *: Mr. He Xiaohong was appointed as a Non-executive Director on 10 February 2017.
#: Mr. Chung Koon Yan was the chairman of the Audit Committee and Remuneration Committee.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 30 June 2017, Mr. Ng Ong Nee was the Chairman and the Chief Executive Officer of the Company. Mr. Ng Hoi Yue was the Deputy Chief Executive Officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 3.10(1) and 3.10A of the Hong Kong Listing Rules, there are three INEDs representing more than one-third of the Board. Among the INEDs, at least one has appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Hong Kong Listing Rules.

The Company has received from each of its INEDs a written confirmation of his independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company, based on such confirmations, considers Mr. Chung Koon Yan, Dr. Lui Ming Wah, PhD, SBS JP and Mr. Yang Zhen Han are independent.

All INEDs have entered into letters of appointment with the Company for a term of three years. Under the Bye-Laws of the Company, any director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting after his appointment and be subject to re-election at such meeting by the shareholders. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Apart from this, one-third of the directors, including the non-executive directors, for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one third) are subject to retirement by rotation and re-election at each AGM in accordance with the Bye-Laws and prescribed by the Hong Kong Listing Rules provided that every Director shall be subject to retirement by rotation once every three years.

BOARD COMMITTEES

The Board was responsible for performing the corporate governance functions of the Company. The Board has established two committees, namely the Remuneration Committee and the Audit Committee, with specific responsibilities as set out in their respective terms of reference.

Corporate Governance Functions

The Board has adopted the terms of reference for corporate governance functions set out in the Code. The Board is responsible for performing the corporate governance functions and has reviewed the Company's policies and practices on corporate governance.

Audit committee

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 and interim financial statements, and monitoring the accounting, internal control and risk management systems in use throughout the Group for the year ended 30 June 2017.

As at 30 June 2017, the members of the Audit Committee comprised Mr. Chung Koon Yan, Mr. Yang Zheng Han and Dr. Lui Ming Wah, PhD, SBS JP and Mr. Chung Koon Yan was the chairman of this committee. During the year, the Audit Committee has duly discharged its responsibility.

Remuneration Committee

The Remuneration Committee has adopted the approach under code provision B.1.2(c)(i) of the Code to determine and review the scale and structure of the Executive Directors' remuneration and terms of their service agreements. It also determines the entitlements of the Directors and the employees of the Group under the share option schemes of the Company.

The Group's remuneration policy provides competitive rewards for its Executive Directors and senior executives. The policy takes into account the Group's performance, the individual performance and the prevailing remuneration packages of the markets in which the Group operates. The Remuneration Committee aims to attract, retain and motivate high-caliber individuals with competitive remuneration packages. The remuneration package provides a balance between fixed and variable rewards. Therefore, remuneration packages for Directors and senior executives normally include basic salary, discretionary bonuses, benefits and share options. Salaries and benefits are reviewed annually and are set to reflect the responsibilities, knowledge, skill and experience of the individual.

As at 30 June 2017, the members of the Remuneration Committee comprised Mr. Ng Ong Nee, Mr. Chung Koon Yan, and Dr. Lui Ming Wah, PhD, SBS JP and Mr. Chung Koon Yan was the chairman of this committee. During the year, the Remuneration Committee has duly discharged the responsibility mentioned above.

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure a proper understanding of the Company's operations and business and full awareness of the Director's responsibilities under the statues and common law, the Hong Kong Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

During the year under review, all Directors were encouraged to attend seminars and provided with written materials to develop and refresh their professional skills and the latest development of applicable laws, rules and regulations for the directors to assist them in discharging their duties as well as monthly commentary on the Group's business, operations and financial matters.

All Directors have confirmed that they have fulfilled the continuous professional development requirement during the year ended 30 June 2017 and have provided records of training received during the year ended 30 June 2017 to the Company.

SERVICE CONTRACTS

All the service contracts entered with the Directors of the Company have fixed term. None of the Directors has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Pursuant to code provision B.1.5 of the Code, the annual remuneration for the year ended 30 June 2017 of the members of the senior management (other than the Directors of the Company) whose particulars are contained in the section headed "Director and Senior Management Profile" in this annual report by band is set out as below:

Remuneration band	Number of individuals
Less than RMB1 million	1
RMB1 million or more but not exceeding RMB2 million	0
	1

SHARE OPTION SCHEME AND POST LISTING SHARE OPTION SCHEME

Details of the share option scheme are shown on pages 21 to 22 of this annual report.

INDEPENDENT AUDITOR'S REMUNERATION

For the year ended 30 June 2017, the remuneration in respect of audit services and non-audit service provided by the independent auditor of the Company, HLB Hodgson Impey Cheng Limited, amounted to RMB1,052,000 and RMB683,000 respectively.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 30 June 2017, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors must keep proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Group and the Company. The Directors must ensure that the financial statements comply with applicable laws and follow the International Financial Reporting Standards. The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Company for the year ended 30 June 2017 is set out in the Independent Auditor's Report on pages 49 to 138 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board believes that maintaining adequate internal control and risk management systems are vital to the Group so that the Group's business decision and operation can be implemented effectively to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Saved as disclosed in the aforesaid paragraphs "Code Provisions C.1.1 & C.1.2" and "Code Provisions C.2.1, C.2.3(b) & C.2.4", the Board takes overall responsibility for ensuing the establishment of appropriate and effective internal control and risk management systems of the Group.

In view of the size of the corporate structure of the Company and the nature of operations of the Group, the Board believes that it is cost effective to appoint external professional to carry out the internal audit function for the Group. The Group engaged an independent professional accounting firm to perform the internal audit function of the Group annually. Such independent professional accounting firm would prepare and submit an internal audit report to the Audit Committee accordingly.

An annual internal control review was carried out by an independent professional accounting firm engaged by the Company covering the assessment of the financial and non-financial risks. It reviewed the policies, procedures and controls in place for the listed holding company and its major subsidiary, in the following areas: (i) control environment; (ii) compliance of corporate governance; (iii) financial reporting procedures; and (iv) human resources procedures. The reviewer interviewed the department heads and key personnel involved in the daily operations. The reviewer also assessed the design, adequacy and execution of control to determine the operating effectiveness and identified the weaknesses of the existing control system and then communicated with the management of the Company in respect of the findings and recommendations by submitting an internal control report (the "**Internal Control Report**"). Thereafter, the management of the Company considered the adoption and implementation of suitable procedures to enhance the internal control and risk management systems.

Based on the Internal Control Report, the Audit Committee had conducted annual review on the effectiveness of the Group's internal control and risk management systems for the financial year ended 30 June 2017 and considered the internal control and risk management systems were effective and adequate.

Furthermore, the Board has formulated internal procedures and controls for handling and dissemination of inside information and ensure that the Company's information is disclosed to the public on a true, accurate and timely basis. The Group ensures the inside information is kept strictly confidential before it is fully disclosed to the public.

COMPANY SECRETARY

The Company Secretary of the Company is responsible for facilitating the Board, as well as communications among the Board members, with shareholders and management. Ms. Ng Ling Ling was the Company Secretary during the year ended 30 June 2017. Ms. Ng has fulfilled professional training requirement for the year ended 30 June 2017.

SHAREHOLDERS' RIGHTS

According to the Bye-laws of the Company, shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times has/have the right, by written requisition sent to the Board or Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than 100 shareholders, can submit a written request to the Company Secretary of the Company stating the resolution intended to be moved at the general meeting or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

As regards proposing a person for election as a director, the procedures are available on the websites of the Company.

The above procedures are subject to the Company's Bye-Laws, the Bermuda Companies Act 1981 and applicable legislation and regulation (as amended from time to time). Shareholders who have enquiries about the above procedures or have enquiries to be put to the Board or have proposals to be put forward at general meetings may write to the Company Secretary of the Company at the principal place of business in Hong Kong at Suite 2609-11, 26/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents during the year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

1. Purpose

This Environmental, Social and Governance ("**ESG**") Report mainly introduces the Group's missions and visions, policies and measures regarding environmental and social obligations for internal evaluation, management control and communicating to the internal and external stakeholders.

Scope of Report

The Group's main business is the ownership and operation of commercial plantations for citrus fruits, mainly oranges, and this report focuses on our management strategies, policies and measures taken. However, owing to natural circumstances, the statistical performance data of the plantation operations and offices will be disclosed in our next ESG report.

Basis of Preparation

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") under Appendix 27 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "**HKEx**"). The content of this report includes two main subject areas, being Area A – ENVIRONMENTAL and Area B – SOCIAL as required by the ESG Guide.

This report reviews and reports on our core business operation and head office of the Group along the principles of materiality, quantification, balance and consistency to disclose relevant statistics and information as recommended by the ESG Guide.

Reporting Period

This report covered the period from 1 July 2016 to 30 June 2017.

2. Corporate Missions and Visions and ESG Management

Corporate Missions and Visions

The Group aims to grow and to sell organic, fresh and safe oranges to consumers at good value, and envisions to be one of the main fruit growers in the People's Republic of China (the "**PRC**") to grow high quality, organic, fresh and safe citrus fruits, primarily oranges. In undertaking this, the Group works for various stakeholders; including providing safe and pleasant working environment to our employees, reasonable returns on investments to investors, business partners and supporters, and sustainable development to the local community and environment.

ESG Management Structure

The Group's ESG management structure aims at achieving our corporate missions and to bring benefits to all stakeholders especially investors, business partners and employees, to support and to service the local community and the environment with responsibility and sustainable development.

The board of directors of the Company (the "**Board**"), headed by the chairman, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budget and business plans. The day-to-day management including the effective implementation of the overall strategies and initiatives adopted by the Board on operations, financial, environmental and social issues and obligations, has been delegated to the Chief Executive Officer ("**CEO**") and his senior management team comprising the Deputy CEO, the Chief Financial Officer and the General Manager ("**GM**") of the plantation field.

On the environmental and social issues and obligations, the management is structured as follows:

Head office management – Our head office, where the CEO and the Deputy CEO are based, is responsible for the overall corporate management especially on finance and liaison with the HKEX and investors.

Operation at plantation office and field – The plantation office and growing fields are headed by the GM, who oversees the daily operation of the fruits cultivation, harvesting, storage, delivery and sales, and employees' administration. The GM also spends a substantial amount of his time in the plantation office to support, handle and make daily operation decisions on site.

Under the direct management of the GM, and supported by an internal control system, the Group especially ensures its plantation operations to fulfill and to comply with its environmental and social responsibilities and obligations as required by the ESG Guide and the laws and related regulations of the PRC, and the specific guides of the organic fruits farming industry.

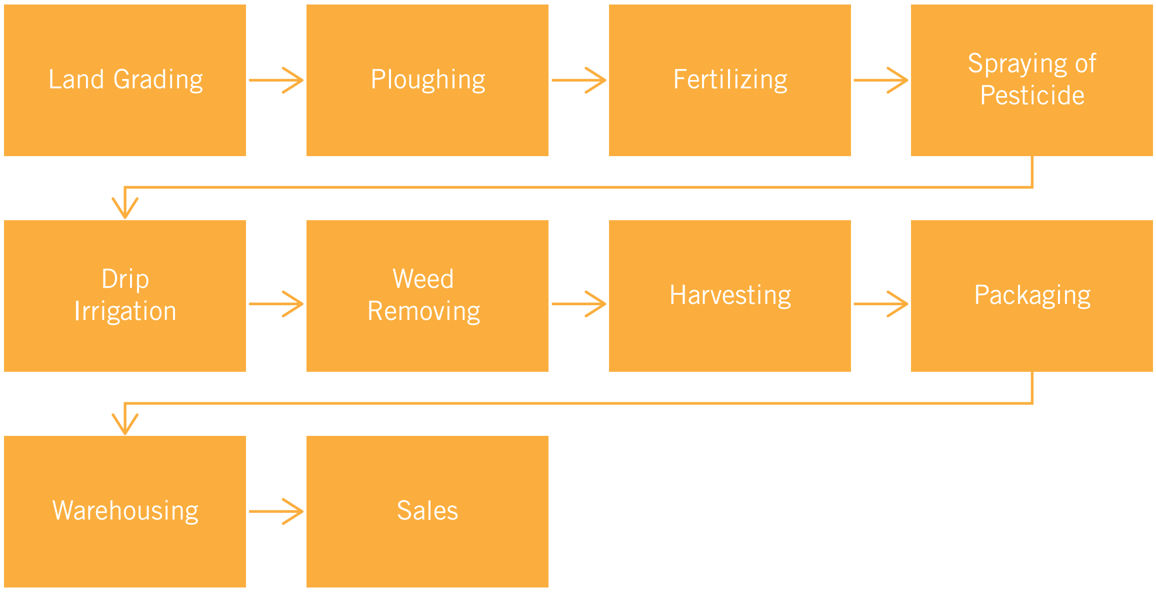
The Board is obligated to review, address and report all the environmental and social issues listed in the Aspects and Areas in the ESG Guide. In response, the Board has approved its updated strategies and policies, and assigned the CEO and its senior team members to have the overall responsibility of their implementations. The CEO is responsible to develop Key Performance Indicators ("**KPIs**") where appropriate and necessary for future monitoring and continuing action in line with the Group's missions, visions, and policies.

3. Material Areas and Aspects, and KPIs

(A) Environmental

The Group understands its responsibility and commitments to the environmentally protection and sustainable development with its on-going operations. We grow "Green Fruits" under "Green Environment" concepts, which are well recognized in the PRC and comply with the requirements of the PRC laws and the specific guides in the organic fruit industry. We are committed to the social responsibility of protecting the environment as a responsible corporation and this includes implementing and ensuring strict compliance with policies and taking measures to ensure our offices and plantation operation (involving the following processes) are energy, water and resources saving and environmentally friendly.

Plantation operation processes:



A1. Emissions and Waste

Policy and Measures

We are committed to environmental protection and focus on setting policies and measures to protect the environment in all facets of our operation, with the aim of ensuring that through strict supervision and control we can reduce hazardous and non-hazardous air and water emissions and the generation of solid waste, in order to minimize any impact on the environment.

During the course of our operations, both of our plantation offices and the fields, and the administrative head office, the types of emissions and wastes for the reporting period are principally some air pollutants and indirect greenhouse gas ("**GHG**") mainly carbon dioxide (CO_2) emissions from diesel fuel and electricity consumption and non-hazardous packaging waste.

(i) Energy Management

Our main emissions from the two offices are indirect GHG mainly carbon dioxide (CO_2) indirectly generated from the use of electricity. In the plantation fields, both electricity and diesel fuel are used. Diesel fuel is used for our tractors, weed-mowing machines, generators for water pumping, all of which will generate air pollutants of nitrogen oxides (NO_x), sulphur oxides (SO_2) and particulate matters (PM) emissions, and direct greenhouse gas (mainly carbon dioxide (CO_2), methane and nitrous oxides). The Group has approved and implemented the following energy-saving and energy efficient measures at our offices and plantation fields to control and to minimize the generation of these emissions:

a. Purchase Department is directed to purchase energy-efficient equipment;

b. Install high-performance electrical equipment;

c. Deploy LED lighting in offices whenever possible;

d. Employees are instructed to turn off lights, computers, and other equipment after using to reduce energy consumption and avoid unnecessary waste of energy;

e. Install meters to monitor electricity and fuel consumption; and

f. Assign officers for offices and site inspection to check and to turn-off unused equipment and to ensure proper use of equipment.

The uses of electricity and diesel fuel, and the resultant direct and indirect air pollutants and greenhouse gas emissions from our plantations and the 2 offices in Hong Kong have been chosen to formulate a KPI for the management to monitor and review regularly.

(ii) Waste Management

Our operation and activities only generate non-hazardous wastes. Our two offices only generate small quantities of used papers and living wastes, whilst our plantation operation generates plastic bags and containers from the use of fertilizers and pesticides, and packaging scraps for our oranges. These wastes are collected by collectors regularly and we do not allow for them to be disposed of improperly. To reduce landfills, we adopt a responsible waste management policy including "waste avoidance, reducing waste from its sources and reuse, recycling and responsible disposal". We have also trialed waste separation measures:

a. Used paper (excluding paper cup and paper plates);

b. Metal (aluminum can and other metal cans);

c. Plastics (plastic bottles and containers, and packaging materials); and

d. Other recyclables (such as old electrical appliance, computer, tools etc.).

Although our plantation fields regularly produce very large amounts of waste of weeds, leaves and tree branches, we collect, crush, decompose and reuse them as natural organic fertilizers for our plants.

(iii) Polluted Water Management

The water used in the offices is discharged through the central water system to the treatment plant for treatment. In the plantation fields, the number one source of polluted water is generated from cleaning of oranges. The Group has redesigned and built the system under which the cleaning water discharge will be stored in a pool for filtering and recycling, and then pumped back for reuse. This not only saves water consumption and cost, but also minimizes the generation of large volumes of polluted water. All other types of polluted water after various types of cleaning must be discharged properly.

During the reporting period, the Group had not been subject to any reported violation in relation to its emissions and waste discharges or other environmental obligations. At all times we have and continue to comply with the relevant laws, regulations and standards required of our operations by the authorities in the PRC.

A2. Use of Resources

Policy and Measures

Following the ESG Guide, the core operation of the Group – office and administration and orange plantations mainly use the following resources:

(i) Energy (electricity and diesel fuel) – Electricity is for offices; while diesel fuel is used mostly for the equipment such as tractors, weed-mowing machine, water-pump generators, etc.

To save energy which also saves costs, the Group has assigned responsible officers to manage and to guide employees to smartly and efficiently use electricity and diesel fuel. The Group has implemented the following measures:

- all electrical appliances, air-conditioners and lights should be turned-off in a timely manner and after work;
- encouraging the use of natural ventilation instead of air-conditioning whenever the conditions allow; and
- officers will be on site to turn off unused tools, machineries and equipment.

(ii) Water – It is mainly used for watering plants and to clean orange produce. The main sources of supply are from natural rainfall and ground-water. We also conserve and store surface running water to supplement our water needs.

To save water consumption, the Group again requests its employees to use water smartly and be responsible, and has developed the following additional measures:

- Repair dripping faucet and hose in a timely manner;
- Adopt effective water-saving production methods and instruments – such as in the plantations, the water after cleaning will be filtered and reused; and
- Monitor water consumption regularly.

(iii) Packaging materials and papers – They are used mainly for packaging oranges in our daily sales, and offices filing and printing, and the following measures have been developed and implemented:

- Deploy recycling bins next to printers and other paper sources to collect used paper products such as waster papers, posters, letter, envelopes;
- Saving papers by double-sided printing and writing on both-sides;
- Reuse stationeries such as file folder and envelopes;
- Reduce the use of paper in offices by electronic tools such as emails, messages and USB storage to replace paper files, sketches; and
- All packaging carton boxes must be made from recycled paper.

(iv) Green Procurement – it is based on the principles of reducing environment load, Quality, cost and delivery time are the main considerations when the Group procures goods and chooses suppliers but the followings will also be considered and given priority:

- Energy-efficient products;
- Effective water-saving products; and
- Requesting the suppliers to reduce packaging without deteriorating the qualities of supplies.

For continuous monitoring purpose, the Group has established and chosen "**Water, Electricity and Fuel Consumption**" as a KPI to assist in monitoring our usage pattern especially on our production.

A3. Environment and Natural Resources

Policy and Measures

The Group has the corporate objective of managing, controlling and minimizing the impact of our operation and activities directly and/or indirectly to the environment as far as possible, through the following methods:

- Making sure our operation and activities comply with the laws of Hong Kong and our operation locations:
- Establishing and improving our operation and activities to ensure they are environmental friendly and protective;
- Monitoring gases and wastes emission, establishing targets to monitor and finding solutions to reduce;
- Monitoring the uses of resources, establishing targets to monitor and finding solutions to reduce;
- Educating, advising and guiding the employees on the importance of environmental protection, acting in an eco-friendly manner in work and daily life; and
- Co-operating with government agencies and supporting environmental organization activities.

The Group has taken a responsible approach to implement policies and measures to handle all emissions and discharges, to ensure the proper use of land and water supplies, and the Group has not been subject to warnings, fines nor violation notices, and was in compliance with applicable environmental protection laws and regulations in all materials respects during the reporting period.

(B) Social

B1. Employment and Labour Practices

Policy and Measures

The Group's core business development and growth relies heavily on the natural conditions as well as the skills, passion and commitment of its employees. We regard our employees as one of our most valuable assets and care about their well-being, respect their personal traits, ensure they have equal opportunities in their career path, provide them with a healthy, safe and pleasant working environment in compliance with all laws and regulations, also strive to increase their loyalty and sense of belonging.

The GM reports directly to the Group's CEO and has been assigned with the responsibility to implement the Group's human resources strategies and policies, which have been detailed in the Employment Rules and Regulations ("員工規則") and Labour Contract ("勞動合同"). All the terms and conditions contained in those documents related to wages and salaries, social insurance, holidays, severance and compensation pay, performance assessment, accidents and injuries, safety and health and so on are in strict compliance with the PRC and HKSAR employment laws and regulations. The general policy and measures on recruitment, salary, dismissal, promotion, working hours, holidays, equal opportunity, anti-discrimination and other benefits are summarized below:

(i) Recruitment

On general work employment, the Group has adopted a mixed policy of external recruitment, internal promotion and referral programs to encourage current employees to refer suitable candidates for vacancies. All vacancies are open to all with equal opportunities, to be decided with no discrimination on sex, religion, gender, age or disability, and are selected based on qualification, skill and competency. All successful employment arrangements must be set out into proper and standardized contracts in writing between the respective employees and the Group. The GM has been charged with the responsibility and duty to ensure all the statutory obligations of the Group have been fulfilled and complied with in a legitimate manner.

Owing to the special nature of plantation works, seasonal fluctuation of employment for the plantation field workers is normal. During harvesting, we will need a large number of temporary or part-time workers to hand-pick oranges. To solve this situation and to provide job opportunities to female workers of local villages, we have entered into service agreements with the local communities that they will source, organize and supply temporary workers to us and we will pay a pre-agreed service fee. This arrangement is mutually beneficial. The temporary workers will sign contracts with the local communities, who will take over them as their employees and be responsible to pay and to maintain the employees benefits and rights under the Labour Laws of the PRC.

(ii) Salary and remuneration packages

We offer competitive pay and benefits to the employees with reference to the prevailing market level in line with their competency, qualifications, experience and performance. We will annually review the overall salary and benefits to ensure our competitiveness in the local market. Each year, KPIs will provide direction and guidance to the employees' individual work plan. We assess the achievements and contributions of the employees to appraise and reward them accordingly.

(iii) Dismissal

We ensure that all employees in Hong Kong and China are under the full protection of their respective employment and labour ordinances and laws, such as:

a. Whenever an employee offers to resign or is being laid off, the human resource department should meet prior to their leaving in order to ascertain the reason;

b. Official termination documents will be issued to those departing employees;

c. If we initiate the termination, the dismissed employee will be given due notice or sufficient compensations in lieu of notice according to the stipulated laws;

d. Any female employee who has been confirmed pregnant or given notice of pregnancy cannot be dismissed;

e. Any employee cannot be dismissed when he or she takes a sick leave;

f. Any employee cannot be dismissed due to being a member or joining a labour union or participating in union activities; and

g. If an employee is injured on duty and a compensation agreement has not yet been reached or the relevant evaluation certificate has not yet been issued, the employee cannot be dismissed.

(iv) Working hours and day-off

Employees are entitled to days off under the Employment Ordinance of Hong Kong and Labour Law of the PRC. For Hong Kong employees, they enjoy the following days-off:

a. Employees usually take day off on Sunday;

b. If the allotted day-off falls on a statutory holiday, compensatory time off shall be offered on the following day;

c. If the employee is requested to work during their allotted day-off, the employee will be compensated with another day off accordingly;

d. Statutory holidays;

e. Paid annual leave stated in the employment contract;

f. Sick leave; and

g. Female employees can take maternity leave so long as she satisfies the continuous working stipulation as stated in the employment contract and gives reasonable notice of pregnancy before the leave.

(v) Equal opportunity and anti-discrimination

Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance must be compiled with, equal opportunities are provided on recruitment, training, promotion, transfer, remuneration, benefits and termination of contracts. Such opportunities shall not be affected by factors such as age, gender, physical health status, marital status, family status, race, skin, color, nationality, religion, political affiliation and sex orientation.

The Group provides and maintains statutory benefits to all qualified employees including but not limited to compensation and statutory holidays, severance pay, mandatory provident funds for Hong Kong employees, and three insurances (retirement pension, unemployment, medical and work injury insurance) for PRC employees pursuant to the requirements of the laws of the PRC and HKSAR.

The Human Resources Department has prepared an "**Employment Record**" with a breakdown of total number of employees in different levels and sectors, genders, and ages as a KPI and this is summarized for the management so as to ensure they are constantly aware of and monitor the Group's employment.

B2. Health and Safety

Policy and Measures

The Group adopts "employees-oriented" human resources policies, and works diligently to provide a pleasant, safe and healthy working environment to our employees. The employment contracts have contained details on health and safety protection, of which the Group has fully complied with the employment laws and regulations of the PRC and HKSAR. We also require all employees to comply with all relevant occupational health and safety regulations. Accordingly, we have implemented the following in order to protect and to safeguard our employees:

(i) Develop internal guidelines to ensure that the office and plantation fields' working environment is in line with or higher than the requirements of relevant laws;

(ii) Establish safety procedures for the recognized dangerous works;

(iii) Purchase and equip enough safety and health protection equipment and facilities in offices and plantation field;

(iv) Ensure the offices and plantation field have safe and healthy working environment at all times through regular monitoring;

(v) Establish emergency and remedial measures during accidents;

(vi) Regularly arrange rescue, fire and evacuation drills;

(vii) Arrange medical and necessary insurance to protect the employees; and

(viii) Promote environmental protection, health and safety awareness of the employees, and support development of environmental protection, health and safety in the industry.

The Group has paid medical insurance to provide coverage on sickness, injuries and accidents for our employees, and paid Retirement Provident Funds for employees in Hong Kong and retirement and unemployment insurances for PRC employees in accordance with the relevant statutory requirements in each jurisdiction. Whenever an injury or an accident occurs to an employee while working in the office or plantation fields, regardless of type and seriousness, it is obligatory under in-house rules to report to the GM without delay, who will then consider and take appropriate actions immediately to ensure safety is strictly adhered to.

During this reporting period, the Group has no significant occurrence of any workplace accident in Hong Kong and the PRC operations.

B3. Development and Training

Policy and Measures

The Group supports all employees to continue learning and improving their knowledge and job skills for the benefit of the employees as well as the Group. We assist and support our employees to improve and to grow via on-the-job training for both existing and newly employed staff, and assist to familiarize each of them with the working conditions, job requirements, as well as all other safety and environmental conservation practices at the work place. Also, the Group encourages employees to actively participate in position-related training programs organized by external institutions in order to enhance individual professional quality and ability, the costs of which will be paid by the Group on application and by discretion of the senior management. The human resources manager together with the department heads will evaluate individual employees on their skills, technical knowhow and performance in relation to their job, and identify and recommend the appropriate training to be required. A training record on the number of attendance, types, hours and costs has been prepared as a KPI for the management to review accordingly.

B4. Labour Standards

Policy and Measures

The Group strictly complies with the Labour Laws of the PRC 《中華人民共和國勞動法》 and the Employment Ordinance of the HKSAR, and adopts their respective standards as its minimum labour standard on employment and labour protection and welfare. The Group adheres to the laws of the PRC and HKSAR as well as the local market practices on recruitment, dismissal, promotion, leave, holidays, benefits and also equal employment opportunities to all sexes, ages, races and religions. The Group acts strongly against child, illegal and forced labour. As a formality and for better management, the Group has maintained a file to hold and to record each employee's personal background information and credentials including copies of identify card and passport, academic qualifications and certificates, references, and performance assessment by seniors.

Operation Practices

B5. Supply Chain Management

Policy and Measures

Supply chain management covers management of suppliers, materials, technology and/or services sourcing and purchases. The Group's main purchases include fertilizers, pesticides, fuels, packaging materials, office routine supplies, utensils and spare parts.

The Group has an approved purchase process with cross checks on each stage to manage purchases. The purchase initiating unit will fill in a purchase request and submit to the Deputy GM – Operation for approval who will check against the inventory and budget. If a certain approved limit is exceeded, it will then be sent to the GM for final approval. The Deputy GM – Finance will arrange payment only when the products have been received with warehouse receipt and sales invoices attached. The purchasing officer will normally invite 2 to 3 approved suppliers to submit their quotation. The Group will then choose the most suitable one.

To ensure cost and quality effectiveness and maximize flexibilities on operation, we attach importance to developing and maintaining long-term relationships with our suppliers, looking forward to forming long-term partnerships with them, and have adopted the following policy and measures:

(i) Take a fair and open principle on procurement of materials and services and based on mutual trust and benefits to develop and to maintain a long-term business relationship with our suppliers, and business partners;

(ii) Apply strict ethical standards in procurement of materials and services to ensure the quality of the finished products and maintain the continued confidence of the clients and general public;

(iii) Assess the suppliers based on price, quality, terms and track records to select those qualified as approved suppliers which we will purchase from them;

(iv) Conduct follow-up assessment on the suppliers, if necessary, review them through a third party; and

(v) Favour suppliers that share common moral values and standards, and support and encourage the suppliers to promote efficient use of resources and environmental protection and fulfill corporate social responsibility, and comply with the relevant laws, regulations and contractual obligations.

To comply with the China Organic Food Certification Center ("**COFCC**") requirements and standards on "organic" foods which we are currently producing, the Group requires the fertilizers and pesticides purchased to meet the relevant standards. The Group insists that the use of the fertilizers and pesticides will not deteriorate the soil and underground water quality, affect the health of the employees and neighbouring villages, or produce unhealthy fruits. To support the local economic development, we prefer to procure from local suppliers whenever possible.

Owing to proper management, the Group did not experience any interruption of supplies or failure to secure sufficient quantities of supplies on time that had any material adverse impact on our business or results of our operations.

B6. Products Responsibility

Policy and Measures

The major aspects under product responsibility are: products services quality, advertising and labelling, remedies of below quality products and services, privacy and intellectual property rights. Our internal control process, employee rules and regulations and contracts have clear guidelines and rules to deal with those aspects which are summarized below.

To ensure quality of our products, the Group's plantation operation has satisfied all the requirements with valid operation licenses and approvals including the land-use and ground water usage rights, environmental safety licenses, etc.

(i) Products Quality, Labelling and Advertising

Quality and safety of our oranges are the two most important fundamentals of our business. The Group has implemented total quality control standards through-out the operation processes which can be summarised below to ensure continuous highest quality and safe oranges to be grown and sold to our customers:

- *Soil and Water* – The Group has carried out measures such as the use of eco-friendly and non-hazardous fertilizers and pesticides, purification of water, etc., and regular testing to prevent our soils and water from being contaminated or polluted.

- *Fertilizers and Pesticides* – The Group produces and uses natural fertilizers by collecting and decomposing weeds and leaves, and supplements with fertilizers which must be eco-friendly, non-toxic and not harmful to the soils and underground water and approved by the Environmental Bureau of the PRC. The Group also purchases and uses the pesticides which must meet the same criteria for fertilizers as just stated. Furthermore, as mentioned before, the Group will only purchase fertilizers and pesticides from approved and reliable suppliers.

- *Harvesting and Sorting* – The processes will be done manually, and below quality oranges will be discarded.

- *Selection before Packaging* – The Group, at this process, will carry out the final stage of quality inspection and select those oranges of acceptable quality for packaging before they are sent to the temperature controlled warehouse for temporary storage or directly to the customers.

- *Storage before Delivery* – The Group has built its own temperature controlled storage warehouse to store the packaged oranges under a safe temperature to maintain the quality and freshness of the oranges.

  Apart from the above, the Group also makes sure that the products and services comply with all the relevant laws and regulations; the Group has all the valid licenses and permits and has passed all the governmental and industry association quality tests and provides the customers with accurate product information on labelling, branding and advertising and high quality products.

  With such a strict total quality control process, the Group's "Royal Star" brand orange has obtained the "organic" status granted by the COFCC since 21 July 2008.

  During the reporting period, the Group had no material complaints or claims on our products quality received and our products were not subject to any investigation by government authorities on quality or safety.

(ii) Handling of Sales Complaints

The Group has clear procedures to handle customers' complaints on the quality of our products. Whenever a customer complaint is received, we will immediately conduct investigation into the matter and find out the reasons why the quality of our products has been downgraded. For most of our sales, the customers will buy our products in our warehouse and the quality of our products will be confirmed before delivery. There should not be any quality variation or complaints. However, for some sales orders, we will select the products ourselves and deliver to the customers' warehouses, which during transit may have unforeseen accidents causing a change to the quality of our products. Under these situations, we will normally review the situation based on site investigations and evidences, and will negotiate with the customers normally by giving a discount to settle the sales. These types of cases occur infrequently and have been amicably settled.

During the reporting period, the Group had not received any complaints from customers that had any material adverse impact on our products, business and results of operation. The Group maintains a "Sale Complaint/Return Record" as a KPI to alert the management and for the management to review.

(iii) Privacy

The Group's main business and operation has generated a substantial volume of private, confidential and sensitive information of customers, suppliers, business partners including the operation status and financial positions, commercial terms of contracts, general background information, etc. These types of information are sensitive and important, and by law, must be safeguarded and protected. The Group fully understands its obligation, and has taken measures to ensure strictest protection of the information against unauthorized access, use and disclosure through a variety of security technologies and procedures. The Group has incorporated a confidentiality clause into the labour contract, under which all employees are obligated to follow.

The Group received no complaint on any breach of privacy or leakage of information during the reporting period.

(iv) Intellectual Property Right

The Group has registered its company logo and 'Royal Star" brand with the Trade Marks Registry of The Government of the HKSAR, other than that the Group's business operation involves no intellectual property right issue. We however respect intellectual property rights which is implemented in our daily operation. We have installed genuine software in our computers to avoid vulnerabilities and legal disputes arising from software copyright.

B7. Anti-Corruption

Policy and Measures

The Group has implemented a strict "Internal Control System", under which the audit committee is authorized by the Board to ensure an anti-corruption and anti-fraud operation and management structure, conduct regular reviews on the internal control system so as to regulate the conduct and behaviour of employees, create an atmosphere of integrity and honesty, and prevent prejudice to the Group's interest. The internal audit function is responsible for whistle-blowing and taking up any remedial actions. With the implementation of clear policies and well-structured processes on purchases, sales, operation and finance, and the adoption of a high code of standard, the Group reported no bribery nor corruption cases during the reporting period.

Community

B8. Community Investments

Policy and Actions Taken

For the Group's long-term development, community participation and investment are important. The Group, as a social and environmentally responsible corporation, is committed and has done the following to promote the development of the community and to protect the environment in which we operate:

(i) Organize, facilitate and support employees to take part in volunteer services, such as regularly visiting the people who need help, arrange activities for disadvantaged groups, etc.,

(ii) Directly support or fund social facilities constructions;

(iii) Operate our operation and activities in an environmentally friendly manner;

(iv) Improve the landscape of our plantation fields, conserved water and top soils;

(v) Grow trees to generate and release oxygen back to atmosphere;

(vi) Provision of jobs, though mostly are temporary type to village workers in the surrounding country-side;

(vii) Encourage and sponsor on application, employees to improve their job skills and knowledge through continuous learning and education; and

(viii) Organize celebration events and gatherings for our employees during festive seasons.

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TO THE SHAREHOLDERS OF ASIAN CITRUS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Asian Citrus Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 67 to 138, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 of the Company incorporated in the People's Republic of China (the "PRC")

As disclosed in note 2 to the consolidated financial statements:

(i) during the course of our audit of the consolidated financial statements of the Group for the financial year ended 30 June 2016, we had received written correspondences which appeared to be sent by a person named Mr. Chen De Qiang (陳德強), who is a finance manager of certain PRC subsidiaries of the Company. It was asserted in the correspondences that he was acting on behalf of Mr. Man Gui Fu (滿桂富) ("**Mr. Man**") a minority shareholder, director and general manager of Beihai Perfuming Garden Juice Co., Ltd (北海市果香園果汁有限公司) ("**Beihai Perfuming Garden**"), a PRC subsidiary of the Company, and holder of positions in some other PRC subsidiaries of the Company. In the correspondences, it was indicated to us that certain amounts or balances in the internal records of certain customers and suppliers did not correspond to the internal records of Hepu Perfuming Garden Food Co., Ltd (合浦果香園食品有限公司), a PRC subsidiary of the Company, for the year ended 30 June 2016;

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

(iii) the Company was made aware of services of proceedings from a court in the PRC whereby Mr. Man had commenced legal proceedings against Chance Lead Holdings Limited ("**Chance Lead**"), a subsidiary of the Company, alleging that he had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed by Chance Lead, Mr. Man and the previous shareholders of Beihai Perfuming Garden in February 2010 (the "**Arrangements**"); and

(iv) the Company was made aware of a court order in the PRC requiring Tianyang Perfuming Garden Food Industrial Co., Ltd (田陽果香園食品工業有限公司) ("**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) on 1 June 2016 in respect of a loan amounting to RMB17 million with interest rate at 6% per annum and had allegedly pledged two pieces of land to Xue Zhen as security for the loan (the "**Tianyang Perfuming Garden Proceeding**") (hereinafter, the Tianyang Perfuming Garden Proceeding, together with the other assertions and allegations referred to in sub-paragraphs (i) to (iii) above, are collectively referred to as the "**Allegations**").

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

Under the circumstances as described above, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the Allegations relate. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the causes and effects of the alleged discrepancies and other matters which are the subject matters of the Allegations, and their implications and impacts on the elements presented in the consolidated financial statements of the Group for the year ended 30 June 2017 and the comparative figures presented in these consolidated financial statements. In particular, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding (i) whether there were problematic transactions and balances that caused, or were caused by, the alleged discrepancies and other matters which are the subject matters of the Allegations and if there were, whether these were appropriately reflected in the Group's consolidated financial statements for the respective financial years to which they relate (i.e. the year ended 30 June 2017 or preceding year or years); (ii) the nature, extent and validity of the problematic transactions and balances, if any, and the reasons why they arose; (iii) whether there were any contingent or unrecorded liabilities arising from the problematic transactions and balances, if any, including penalties and other financial consequences from breaches of laws and regulations; and (iv) whether there were any problematic transactions and balances involving related parties but which had not been identified by the management of the Group. These scope limitations also impacted on our ability to determine the reliability of the management representations received by us as audit evidence for our audit testing purposes and hence of the audit evidence in general. Any adjustments found to be required may have consequential significant effects on the elements in the consolidated financial statements for the year ended 30 June 2017 and the comparative figures for the preceding financial year and hence on the net liabilities of the Group as at 30 June 2017 and 2016 and the loss and other comprehensive income or loss and cash flows of the Group for the years ended 30 June 2017 and 2016.

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

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

The deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015 also resulted in the exclusion of the assets, liabilities, revenue, income, expenses, and cash flows of the Deconsolidated Subsidiaries from the consolidated financial statements of the Group for the years ended 30 June 2017 and 2016. Except possibly in the case of Beihai Perfuming Garden and its subsidiaries (see the next sub-paragraph below), this accounting outcome is a departure from the requirements of International Financial Reporting Standard ("**IFRS**") 10 "Consolidated Financial Statements", which requires all subsidiaries controlled by the Company and its subsidiaries to be included in the consolidated financial statements of the Group. The facts and circumstances described above do not show that the Group had lost control over the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) with effect from 1 July 2015. Accordingly, under IFRS 10, the Company should have consolidated the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) in its consolidated financial statements for the years ended 30 June 2017 and 2016. Had these subsidiaries been consolidated, many elements in the consolidated financial statements of the Group for the years ended 30 June 2017 and 2016 would have been materially affected. In addition, the effects of the Incidents would have to be recognised, and reflected, in the consolidated financial statements and the loss arising from the Incidents, to the extent of the loss that is not the effects of the Incidents, as well as the impairment losses on amounts due from the Deconsolidated Subsidiaries (see paragraph (e) below), would not have been recognised in the consolidated statement of profit or loss for the year ended 30 June 2016. However, as stated above, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the Allegations relate, including the effects of the Incidents. Accordingly, the effects on the consolidated financial statements of the Group of the failure to consolidate the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) could not be determined.

In the case of the deconsolidation of Beihai Perfuming Garden and its subsidiaries, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the allegations described in sub-paragraph (iii) above relate. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the causes and effects of these alleged matters and their implications and impacts on the elements presented in the consolidated financial statements of the Group for the year ended 30 June 2017 and the comparative figures presented in these consolidated financial statements. In particular, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding whether Mr. Man had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements. If Mr. Man did have such right, the existence of the potential voting right might cause Beihai Perfuming Garden and its subsidiaries to be controlled by Mr. Man rather than by the Company and hence in such circumstances, Beihai Perfuming Garden and its subsidiaries should not be included in the consolidated financial statements of the Group as they would then not be subsidiaries of the Company. However, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether Beihai Perfuming Garden and its subsidiaries were subsidiaries of the Company during the financial years ended 30 June 2017 and 2016. Hence, we were unable to satisfy ourselves about the validity and appropriateness of treating Beihai Perfuming Garden and its subsidiaries as subsidiaries of the Company until the effective date of the deconsolidation and conversely, of deconsolidating Beihai Perfuming Garden and its subsidiaries with effect from 1 July 2015. Any adjustments found to be required may have consequential significant effects on the elements in the consolidated financial statements for the year ended 30 June 2017 and the comparative figures for the preceding financial year and hence on the net liabilities of the Group as at 30 June 2017 and 2016 and the loss and other comprehensive income or loss and cash flows of the Group for the years ended 30 June 2017 and 2016.

b) Opening balances and comparative information

The opening balances as at 1 July 2016 and comparative information as at and for the year ended 30 June 2016 presented or disclosed in the consolidated financial statements are based on the consolidated financial statements of the Group for the year ended 30 June 2016 in respect of which we expressed a disclaimer of opinion in our auditors' report dated 12 July 2018. The matters which led us to disclaim our opinion are explained in paragraphs (a) to (m) herein and in sub-paragraphs (i) to (x) below. Therefore, the opening balances and comparative information presented or disclosed in the consolidated financial statements may not be comparable with the figures presented or disclosed in respect of the current year.

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

Included in the consolidated statement of financial position were property, plant and equipment, land use rights and construction-in-progress (collectively, the "**Tangible Assets**") with gross carrying amounts of approximately RMB3,194,184,000, RMB87,870,000 and RMB49,430,000 respectively and net carrying amounts of approximately RMB2,253,506,000, RMB74,625,000 and RMB49,430,000 respectively as at 1 July 2015.

As set out in notes 10(a), 16, 17 and 18 to the consolidated financial statements, movements in gross carrying amounts of the property, plant and equipment, land use rights and construction-in-progress during the year ended 30 June 2016 related mainly to derecognition of the property, plant and equipment, land use rights and construction-in-progress upon deconsolidation of the Deconsolidated Subsidiaries with gross carrying amounts derecognised amounting to approximately RMB3,189,770,000, RMB87,870,000 and RMB49,430,000 respectively. 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 carried forward from previous years, including the components of the Tangible Assets, the validity of the commercial terms arrived at in acquiring the Tangible Assets, and whether the vendors of the Tangible Assets were related to related parties of the Group in accordance with International Accounting Standards ("**IAS**") 24 "Related Party Disclosures"; and (iv) the basis for the determination that the net carrying amounts of the property, plant and equipment, land use rights and construction-in-progress of approximately RMB2,250,979,000, RMB74,625,000 and RMB49,430,000 respectively as at 1 July 2015 were recoverable. Therefore, we were unable to satisfy ourselves as to whether the gross and net carrying amounts of the Tangible Assets and nil impairment loss on the Tangible Assets as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(ii) Biological assets

Included in the consolidated statement of financial position were biological assets with carrying amounts of approximately RMB1,596,782,000 as at 1 July 2015.

As set out in notes 10(a) and 19 to the consolidated financial statements, movements in carrying amounts of the biological assets during the year ended 30 June 2016 related to derecognition of the biological assets upon deconsolidation of the Deconsolidated Subsidiaries with carrying amounts derecognised amounting to approximately RMB1,596,782,000 for the biological assets. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the biological assets as at 1 July 2015; (ii) the validity of ownership as at 1 July 2015 of the biological assets, which were all held by the Deconsolidated Subsidiaries; (iii) the validity of the carrying amounts of the biological assets at 1 July 2015 which were carried forward from previous years, including in respect of biological assets acquired in previous years, the validity of the commercial terms arrived at in acquiring the biological assets and whether the vendors or suppliers of the biological assets were related to related parties of the Group in accordance with IAS 24; (iv) the validity, the basis of determination and recording accuracy of the fair value measurements as at 1 July 2015 of the biological assets carried at fair value and the reasonableness of supporting bases for the key inputs and assumptions used in the fair value measurements as at 1 July 2015; and (v) the basis for the determination that the carrying amounts of those biological assets carried on cost basis were recoverable as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the biological assets as at 1 July 2015 were free from material misstatement and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(iii) Intangible assets

Included in the consolidated statement of financial position were intangible assets related to capitalised development costs with gross carrying amounts of approximately RMB115,926,000 and net carrying amounts of approximately RMB51,091,000 as at 1 July 2015. As set out in notes 10(a) and 20 to the consolidated financial statements, movements in gross and net carrying amounts of the intangible assets during the year ended 30 June 2016 related to derecognition of the intangible assets upon deconsolidation of the Deconsolidated Subsidiaries with gross carrying amounts of approximately RMB115,926,000 and net carrying amounts of approximately RMB51,091,000 for capitalised development costs. 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 carried forward from previous years, including the components of the intangible assets, the validity of the commercial terms arrived at in acquiring the intangible assets or the development costs paid or incurred which arose from the year ended 30 June 2006 and the years thereafter, and the reasonableness and recording accuracy on initial recognition of the capitalised development costs, including whether the capitalisations were in compliance with IAS 38 "Intangible Assets", and whether the vendors or counter parties of the intangible assets were related to related parties of the Group in accordance with IAS 24; (iii) the basis of conducting impairment assessment by the management of the Group and the reasonableness of and supporting bases for the key inputs and assumptions used in the impairment assessment as at 1 July 2015; and (iv) the basis for the determination that the net carrying amounts of the intangible assets of approximately RMB51,091,000 as at 1 July 2015 was recoverable. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the intangible assets and nil impairment loss on the intangible assets as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(iv) Goodwill

Included in the consolidated statement of financial position were goodwill relating to the acquisition of BPG Food and Beverage Holdings Ltd. ("**BPG Food and Beverage**"), 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, with gross carrying amount of approximately RMB1,157,261,000 and nil net carrying amount as at 1 July 2015. As set out in note 22 to the consolidated financial statements, movement in gross carrying amount and accumulated impairment of the goodwill during the year ended 30 June 2016 related to derecognition of the goodwill upon deconsolidation of the Deconsolidated Subsidiaries of gross carrying amount of approximately RMB1,157,261,000 and nil net carrying amount for the goodwill. 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 carried forward from previous years, including the validity of (a) the recognition of the goodwill in accordance with IFRS 3 "Business Combination", in view of the alleged existence of the Arrangements; and (b) the commercial terms arrived at in the business combination which led to the recognition of the goodwill and whether the vendors in the business combination in which the goodwill was recognised were related to related parties of the Group in accordance with IAS 24; and (iii) the basis of the determination that the recoverable amount of the goodwill was nil as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amount of the goodwill as at 1 July 2015 was free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(v) Deposits

Included in the consolidated statement of financial position were deposits with carrying amount of approximately RMB11,012,000 as at 1 July 2015. As set out in notes 10(a) and 21 to the consolidated financial statements, movement in carrying amount of the deposits during the year ended 30 June 2016 related to derecognition of the deposits upon deconsolidation of the Deconsolidated Subsidiaries of carrying amount of approximately RMB11,012,000 for the deposits. 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 carried forward from previous years, including the nature of the deposits, the validity of the commercial terms arrived at under the deposits and whether the counter parties of the deposits were related to related parties of the Group in accordance with IAS 24; and (iii) the basis for the determination that the carrying amount of the deposits of approximately RMB11,012,000 as at 1 July 2015 was recoverable as no documentation on impairment assessment on the deposits as at 1 July 2015 was made available to us. Therefore, we were unable to satisfy ourselves as to whether the carrying amount of the deposits as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(vi) Properties for sale

Included in the consolidated statement of financial position were properties for sale with gross carrying amount of approximately RMB5,830,000 and nil net carrying amount as at 1 July 2015. As disclosed in notes 10(a) and 24 to the consolidated financial statements, movements in gross carrying amounts of the properties for sale during the year ended 30 June 2016 related to derecognition of the properties for sale upon deconsolidation of the Deconsolidated Subsidiaries of gross carrying amounts of approximately RMB5,830,000 and nil net carrying amount for the properties for sale. 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 carried forward from previous years, including the validity of (a) the recognition of the properties for sale in accordance with applicable IFRSs; and (b) the commercial terms arrived at under the properties for sale and whether the counterparties involved were related to related parties of the Group in accordance with IAS 24; and (iii) the basis for the determination that the recoverable amount of the properties for sale was nil as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amount of on the properties for sale as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(vii) Inventories

Included in the consolidated statement of financial position were inventories with gross and net carrying amounts of approximately RMB106,033,000 as at 1 July 2015. As disclosed in notes 10(a) and 25 to the consolidated financial statements, movements in gross carrying amounts of the inventories during the year ended 30 June 2016 related to derecognition of the inventories upon deconsolidation of the Deconsolidated Subsidiaries of gross and net carrying amounts of approximately RMB106,033,000 for the inventories. 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 carried forward from previous years, including the components of the inventories and the validity of the commercial terms arrived at in acquiring the inventories and whether the vendors of the inventories were related to related parties of the Group in accordance with IAS 24; (iii) the basis for the determination that the carrying amounts of the inventories of approximately RMB106,033,000 as at 1 July 2015 was recoverable as no documentation on impairment assessment of inventories as at 1 July 2015 was made available to us. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the inventories as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(viii) Trade and other receivables

Included in the consolidated statement of financial position were trade and other receivables with gross and net carrying amounts of approximately RMB194,607,000 as at 1 July 2015. As set out in notes 10(a) and 26 to the consolidated financial statements, movements in gross and net carrying amounts of the trade and other receivables during the year ended 30 June 2016 related to derecognition of the trade and other receivables upon deconsolidation of the Deconsolidated Subsidiaries of gross and net carrying amounts of approximately RMB194,535,000 for the trade and other receivables. 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 carried forward from previous years, including the nature of the trade and other receivables, the validity of the commercial terms arrived at under the trade and other receivables, the identity of the debtors and whether the debtors were related to related parties of the Group in accordance with IAS 24; and (iii) the basis for the determination that the carrying amount of the trade and other receivables of approximately RMB194,535,000 as at 1 July 2015 was recoverable as no documentation on impairment assessment on the trade and other receivables as at 1 July 2015 was made available to us. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the trade and other receivables and nil impairment loss on the trade and other receivables as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(ix) Cash and cash equivalents

Included in the consolidated statement of financial position were trade and other payables with carrying amounts of approximately RMB937,571,000 as at 1 July 2015. As set out in notes 10(a) and 27 to the consolidated financial statements, movements in carrying amounts of the cash and cash equivalents during the year ended 30 June 2016 related to derecognition of the cash and cash equivalents upon deconsolidation of the Deconsolidated Subsidiaries of carrying amounts of approximately RMB864,883,000 for cash and cash equivalents. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of derecognition of the cash and cash equivalents as at 1 July 2015; and (ii) the completeness, existence and recording accuracy of the balances and the transactions of the cash and cash equivalents as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts and the transactions of the cash and cash equivalents as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

(x) Trade and other payables

Included in the consolidated statement of financial position were trade and other payables with gross and net carrying amounts of approximately RMB138,576,000 as at 1 July 2015. As set out in notes 10(a) and 31 to the consolidated financial statements, movements in gross and net carrying amounts of the trade and other payables during the year ended 30 June 2016 related to derecognition of the trade and other payables upon deconsolidation of the Deconsolidated Subsidiaries of gross and net carrying amounts of approximately RMB136,310,000 for the trade and other payables. 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 carried forward from previous years, including the nature of the trade and other payables, the validity of the commercial terms arrived at under the trade and other payables, the identity of the creditors and whether the creditors were related to related parties of the Group in accordance with IAS 24; and (iii) the completeness and recording accuracy of the balances and the transactions incurred under the trade and other payables as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts and the transactions of the trade and other payables as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the financial year ended 30 June 2016 was also free from material misstatements.

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

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 lack of response from management of the Deconsolidated Subsidiaries to the requests for information and explanations concerning the books and records of the Deconsolidated Subsidiaries. The Board believed it was not practicable to ascertain the correct amounts and balances of the Deconsolidated Subsidiaries for inclusion in the consolidated financial statements.

As disclosed in notes 2 and 10(e) to the consolidated financial statements, Mr. Man requested Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity of the Arrangements, which allegedly had been in existence since February 2010, including the validity of the commercial terms arrived at under the Arrangements and whether Mr. Man and the previous shareholders of Beihai Perfuming Garden were related to related parties of the Group in accordance with IAS 24 or connected parties as defined under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"). In addition, the Company was made aware of a PRC court order requiring Tianyang Perfuming Garden to repay a loan of RMB17 million and the interests in arrears pursuant to a loan facility agreement dated 1 June 2016 entered into with a person called Xue Zhen. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity of the loan facility agreement, including the validity of the commercial terms arrived at under the loan facility agreement, and whether the lender Xue Zhen was related to related parties of the Group as defined under IAS 24 or connected parties as defined under the Hong Kong Listing Rules.

The matters described above also caused the Board to believe it was unable to assert that the consolidated financial statements complied with IFRSs, or that the disclosure requirements of the Hong Kong Companies Ordinance and the 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 lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there was non-compliance with applicable laws and regulations by the Deconsolidated Subsidiaries and hence about the completeness of any actual or contingent liabilities in the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there existed unrecorded provisions or undisclosed contingent liabilities and hence whether there were material misstatements of the consolidated financial statements due to non-compliance with laws and regulations. Any adjustments found to be necessary may have a consequential significant effect on the net liabilities of the Group as at 30 June 2017 and 2016 and of the loss and other comprehensive income or loss and cash flows of the Group for the years then ended and the related disclosures thereof in the consolidated financial statements.

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

As disclosed in note 31 of the consolidated financial statements, the Group recorded amounts due to the Deconsolidated Subsidiaries of approximately RMB237,514,000 as at 30 June 2017 and 2016. 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 management of the Deconsolidated Subsidiaries on matters concerning the books and records of the Deconsolidated Subsidiaries. Due to these factors, we have not been able to obtain sufficient appropriate audit evidence to determine the validity and completeness of the amounts due to the Deconsolidated Subsidiaries as at 30 June 2017 and 2016 and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the years ended 30 June 2017 and 2016 which had not been accounted for and in compliance with the requirements of applicable IFRSs and the Hong Kong Listing Rules. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts due to the Deconsolidated Subsidiaries were free from material misstatements. Any adjustments found to be required may have consequential significant effects on the balances of the amounts due to the Deconsolidated Subsidiaries, the recorded amounts and description of the relevant transactions with the Deconsolidated Subsidiaries as at and for the years ended 30 June 2017 and 2016 and other elements in the consolidated financial statements for the years ended 30 June 2017 and 2016 and hence on the net liabilities of the Group as at 30 June 2017 and 2016 and loss and other comprehensive income or loss and cash flows of the Group for the years then ended and the related disclosures thereof in the consolidated financial statements.

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

Included in the consolidated statement of profit or loss of the Group for the year ended 30 June 2016 as disclosed in note 10(d) was the impairment loss recognised in respect of the amounts due from the Deconsolidated Subsidiaries of approximately RMB1,250,898,000. 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 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 2017 and 2016 to be assessed. Accordingly, the directors of the Company have recognised the impairment loss in the year ended 30 June 2016 to fully write down the amounts due from the Deconsolidated Subsidiaries as no settlement was recorded up to the date of approval of the consolidated financial statements.

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 2017 and 2016 and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the years ended 30 June 2017 and 2016 which had not been accounted for in accordance with IFRSs or disclosed or otherwise treated in compliance with the applicable Hong Kong Listing Rules. In addition, as no acceptable practical impairment assessment could be carried out by management of the Group during the years ended 30 June 2017 and 2016 on the balances owed by the Deconsolidated Subsidiaries, 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 2017 and 2016 and that the impairment loss recognised in respect of the amounts due from the Deconsolidated Subsidiaries was properly assessed in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts due from the Deconsolidated Subsidiaries as at 30 June 2017 and 2016 and the impairment loss recognised in respect of these amounts due from the Deconsolidated Subsidiaries for the year ended 30 June 2016 were free from material misstatements and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries for the years ended 30 June 2017 and 2016. Any adjustments found to be required may have consequential significant effects on the balances of the amounts due from the Deconsolidated Subsidiaries and the impairment loss in respect thereof, the recorded amounts and description of the relevant transactions entered into with the Deconsolidated Subsidiaries for the years ended 30 June 2017 and 2016 and other elements in the consolidated financial statements as at and for the years ended 30 June 2017 and 2016 and hence on the net liabilities of the Group as at 30 June 2017 and 2016 and the loss and other comprehensive income or loss and cash flows of the Group for the years then ended, and the related disclosures thereof in the consolidated financial statements.

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

Included in the statement of financial position of the Company as disclosed in note 34 to the consolidated financial statements were (i) investment in subsidiaries of gross carrying amount of approximately RMB4,064,410,000 and RMB4,049,373,000 at 30 June 2017 and 2016 respectively and (ii) amount due to the Deconsolidated Subsidiaries of approximately RMB31,072,000 as at 30 June 2017 and 2016. Impairment losses in respect of the interests in subsidiaries of approximately RMB14,037,000 and RMB4,049,373,000 were recognised by the Company for the years ended 30 June 2017 and 2016.

As disclosed in note 34 to the consolidated financial statements, the cost of investment in subsidiaries of the Company as at 30 June 2017 represented the investment cost in the equity interests in wholly owned subsidiaries directly held by the Company. These subsidiaries are investment holding companies and the investment costs were utilised by them, to a large extent, as investment costs in and loans and advances to the Deconsolidated Subsidiaries. As disclosed in note 2 to the consolidated financial statements, the directors of the Company have been unable to gain access to complete books and records of the Deconsolidated Subsidiaries and have been unable to obtain information and explanations from management of the Deconsolidated Subsidiaries on matters concerning the books and records of the Deconsolidated Subsidiaries. Given these circumstances, the directors of the Company considered that the Group does not possess relevant information about the Deconsolidated Subsidiaries' financial position and financial ability to repay to enable impairment assessments of the Company's investment cost in its subsidiaries to be carried out. Accordingly, the directors of the Company have recognised the impairment loss in respect of the investment cost in subsidiaries for the years ended 30 June 2017 and 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 investment costs in subsidiaries as at 30 June 2017 and 2016. In addition, as no documentation on impairment assessment of the interests in subsidiaries as at 30 June 2017 and 2016 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 2017 and 2016. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the interests in subsidiaries as at 30 June 2017 and 2016, and the impairment loss recognised in respect of these interests in subsidiaries were free from material misstatement. Any adjustments found to be required may have consequential significant effects on the interests in subsidiaries and the impairment loss in respect thereof as at 30 June 2017 and 2016 and hence on the net assets of the Company as at 30 June 2017 and 2016 and related disclosures thereof in the consolidated financial statements.

g) Share premium

As disclosed in the consolidated statement of change in equity for the year ended 30 June 2017 and 2016, the Group recorded share premium of approximately RMB3,698,234,000 as at 30 June 2017 and 2016 and 1 July 2015. However, as disclosed in note 28(a) of the consolidated financial statements, the Company recorded share premium of approximately RMB3,711,195,000 as at 30 June 2017 and 2016 and 1 July 2015. The difference between the balances of the share premium accounts of the Group and the Company was due to consolidation adjustments amounting to approximately RMB12,961,000 in relation to expenses of issuing new shares of the Company during the initial public offering of the Company which were borne by subsidiaries of the Company and not recharged to the Company. We have not been able to obtain sufficient appropriate audit evidence to support the validity and recording accuracy of these share issuance expenses charged directly to the Group's share premium account, including (i) the nature of these issuance expenses such that they qualified as initial public offering expenses that could be treated as deductions from the share premium account of the Group rather than as expenses in profit or loss and (ii) the manner and basis of allocation of common expenses incurred and recognised in consolidated profit or loss and share premium account during the initial public offering process. Hence, we were unable to determine whether the difference between the share premium account balances of the Group and of the Company as at 30 June 2017 and 2016 and 1 July 2015 were properly recorded and accounted for and in compliance with the requirements of applicable company legislation and IFRSs. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the share premium account balances of the Company and of the Group were free from material misstatements. Any adjustments found to be required may have consequential significant effects on the balances of the share premium as at 30 June 2017 and 2016 and other elements in the Group and the Company's financial statements for the years ended 30 June 2017 and 2016 and the details of the Company's individual components of equity disclosed in note 28 to the consolidated financial statements.

h) **Statutory reserve**

Included in the consolidated financial statements were statutory reserve of the Group with carrying amount of approximately RMB136,625,000 as at 1 July 2015. Movements in carrying amounts of the statutory reserve during the year ended 30 June 2016 related to derecognition of the statutory reserve upon deconsolidation of the Deconsolidated Subsidiaries of carrying amounts of approximately RMB136,625,000 for the statutory reserve. 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; and (ii) the basis of determining the amount for the movement in the statutory reserve. Therefore, we were unable to satisfy ourselves as to whether the carrying amount and the movement of the statutory reserve as at 1 July 2015 and for the year ended 30 June 2016 respectively were free from material misstatements. Any adjustments found to be necessary to the carrying amount or movement may have a consequential significant effect on the Group's net liabilities as at 30 June 2017 and 2016 and the related disclosures thereof in the consolidated financial statements.

i) **Share-based payments**

Included in the consolidated statement of change in equity of the Group for the year ended 30 June 2017 were share options reserve with carrying amount of approximately RMB87,540,000 as at 30 June 2017 (2016: RMB88,253,000). During the year ended 30 June 2017, the Group transferred an amount of approximately RMB713,000 (2016: RMB51,554,000) 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. Given these circumstances, the directors of the Company were unable to identify the identities of the grantees and confirm the validity of the share options recorded in the consolidated financial statements. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the identities of the grantees and recording accuracy of the number of share options outstanding at 30 June 2017 and 2016 and 1 July 2015; (ii) the validity of the movements of the share options reserve during the years ended 30 June 2017 and 2016; and (iii) the basis of determining the amounts of the movements in the share options reserve, including amounts recognised for share-based payment expenses, share options lapsed and share options cancelled of approximately RMBNil, RMBNil and RMBNil respectively during the year ended 30 June 2017 and of approximately RMB9,033,000, RMB498,000 and RMB29,879,000 respectively during the year ended 30 June 2016. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts and movements of the share options reserve of the Group as at and for the years ended 30 June 2017 and 2016 were free from material misstatements. Any adjustments found to be necessary to the carrying amounts or movements may have a consequential significant effect on the loss and other comprehensive income or loss and cash flows of the Group for the years ended 30 June 2017 and 2016, balance of the share options reserve as at 30 June 2017 and 2016 and other elements in the Group's consolidated financial statements for the years ended 30 June 2017 and 2016.

j) **Contingent liabilities and commitments**

As explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the years ended 30 June 2017 and 2016. Had these subsidiaries been consolidated, the contingent liabilities of the Deconsolidated Subsidiaries and commitments of the Group as disclosed in notes 10(e) and 32 respectively to the consolidated financial statements which related to the Deconsolidated Subsidiaries should include the contingent liabilities and commitments of these subsidiaries. Further, the contingent liabilities and commitments of these subsidiaries may affect or involve the entities included in the consolidated financial statements. Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the contingent liabilities of the Deconsolidated Subsidiaries and commitments of the Group as disclosed in notes 10(e) and 32 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 2017 and 2016. 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 2017 and 2016 and the loss and other comprehensive income or loss and cash flows of the Group for the years then ended and the related disclosures thereof in the consolidated financial statements.

k) **Events after the reporting period**

As explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the year ended 30 June 2017. Had these subsidiaries been consolidated, the events after the reporting period of the Group as disclosed in note 35 to the consolidated financial statements should include the events and transactions after the reporting period of these subsidiaries. Further, the events and transactions after the reporting period of these subsidiaries may affect or involve the entities included in the consolidated financial statements.

In addition, as disclosed in note 35(o) to the consolidated financial statements, it was disclosed in the Company's announcement dated 31 October 2017 that the Group resumed the control over Lucky Team Hepu on 28 September 2017 (the "**Resumed Date**"). Due to the lack of access to complete books and records of Lucky Team Hepu for periods up to the Resumed Date, the Group had to undertake efforts to reconstruct the books and records of Lucky Team Hepu. As at the date of this report, the reconstruction of the books and records could not be completed, hence the Board considered that the Group still did not have the necessary information about the transactions and account balances of Lucky Team Hepu for inclusion in the consolidated financial statements of the Group for the years ended 30 June 2017 and 2016. Instead, the financial statements of Lucky Team Hepu would be included in the consolidated financial statements of the Group only with effect from the Resumed Date. On the Resumed Date, the Group recorded (i) property, plant and equipment of approximately RMB102,675,000 including bearer plants of approximately

RMB52,950,000; (ii) amount due from the Company (which was eliminated on consolidation) of approximately RMB31,072,000; (iii) cash and bank balances of approximately RMB4,109,000; (iv) amount due to the Agriculture Company of approximately RMB4,574,000; and (v) amounts due to the Deconsolidated Subsidiaries of approximately RMB365,000,000 (collectively, the "**Assets and Liabilities**"). Due to the circumstances of 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 property, plant and equipment and the amounts due to the Deconsolidated Subsidiaries as at the Resumed Date. 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 at initial recognition of the property, plant and equipment and the amounts due to the Deconsolidated Subsidiaries at the Resumed Date disclosed in note 35(o) to the consolidated financial statements, including the validity, accuracy and completeness of the carrying amounts at initial recognition of the bearer plants under the property, plant and equipment; (ii) whether the suppliers and counterparties in relation to the property, plant and equipment and the amounts due to the Deconsolidated Subsidiaries were related to related parties of the Group in accordance with IAS 24; (iii) the effects of all 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; 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 is recognised as expense in the consolidated statements of profit or loss of the Group in the financial year ended 30 June 2018. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the Assets and Liabilities recognised on the Resumed Date were free from material misstatements. Further, as explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries including Lucky Team Hepu, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the years ended 30 June 2017 and 2016. Had Lucky Team Hepu been consolidated, the resumption of control over Lucky Team Hepu on 28 September 2017 would not have been recorded and presented in note 35(o) as an acquisition on the Resumed Date. However, due to 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.

Due to lack of access to complete books and records of the Deconsolidated Subsidiaries, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the events and transactions after the reporting period of the Group as disclosed in note 35 to the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there had occurred significant events or transactions during the period from 1 July 2017 to the date of this auditors' report which require disclosure in or adjustments to the consolidated financial statements. Any undisclosed or unadjusted events or transactions related to the Deconsolidated Subsidiaries found to have occurred during this intervening period may have consequential significant effects on the balances presented for the elements in the consolidated financial statements for the years ended 30 June 2017 and 2016 and hence on the net liabilities of the Group as at 30 June 2017 and 2016 and the loss and other comprehensive income or loss and cash flows of the Group for the years then ended or on the fair presentation of these net liabilities, loss and other comprehensive income or loss and cash flows and the related disclosures in the consolidated financial statements.

l) 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 2017 and 2016. Had these subsidiaries been consolidated, the related party transactions and balances as disclosed in note 33 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 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 2017 and 2016 and the loss and other comprehensive income or loss and cash flows of the Group for the years then ended and the related disclosures thereof in the consolidated financial statements.

m) Going concern basis of accounting

As disclosed in note 2 to the consolidated financial statements, (i) the Group incurred a loss attributable to the owners of the Company of approximately RMB28,466,000 for the year ended 30 June 2017 and, as of that date, the Group's total liabilities exceeded its total assets by approximately RMB213,969,000; and (ii) the Company's shares have been suspended from trading on the Stock Exchange of Hong Kong Limited with effect from 29 September 2016. The directors of The Company were unable to represent that all present and contingent liabilities of the Group have been completely identified. In addition, any adjustments found to be necessary to the Group's results for the year ended 30 June 2017 and closing balances of its assets and liabilities as at 30 June 2017 of the matters described in the paragraphs above may cause the operating results, liquidity position and financial position of the Group as presented in the consolidated financial statements for the year ended 30 June 2017 to be adversely affected. These conditions indicate the existence of material uncertainties which may cast significant doubts about the Group's ability to continue as a going concern. Notwithstanding the abovementioned, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to successfully operate of the Group's future business and generate adequate cash flows. As of the date of this report, we have not obtained the Group's cash flow forecast, including related reasonable and supportable bases for the underlying data and assumptions, which are necessary for us to assess the appropriateness of the use of the going concern assumption in the preparation of the consolidated financial statements. Because of the significance of these matters, we were unable to satisfy ourselves as to whether the use of going concern assumption in the preparation of the consolidated financial statements was appropriate. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and to issue an auditors' report. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because we have not been able to obtain sufficient appropriate audit evidence and due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. 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.

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 2017,

- 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 2017.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 12 July 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2017

	Note	2017 RMB'000	2016 RMB'000
Revenue	8	–	–
Cost of sales		(–)	–
Gross profit		–	–
Other income	9	1,648	702
Loss arising from the Incidents	10(a)	–	(3,935,432)
Impairment losses on amounts due from Deconsolidated Subsidiaries	10(d)	–	(1,250,898)
Selling and distribution expenses		(1,183)	–
General and administrative expenses		(28,931)	(31,001)
Loss before tax	11	(28,466)	(5,216,629)
Income tax expense	12	–	–
Loss for the year		(28,466)	(5,216,629)
Attributable to			
Owners of the Company		(28,466)	(5,216,629)
Non-controlling interests		–	–
		(28,466)	(5,216,629)
		RMB	RMB
Loss per share	15		
– Basic and diluted		(0.023)	(4.175)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	2017 *RMB'000*	2016 *RMB'000*
Loss for the year	(28,466)	(5,216,629)
Other comprehensive income/(loss) for the year		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of tax	966	(2,383)
Total comprehensive loss for the year	(27,500)	(5,219,012)
Attributable to		
Owners of the Company	(27,500)	(5,219,012)
Non-controlling interests	–	–
	(27,500)	(5,219,012)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Note	2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	4,799	2,370
Land use rights	17	–	–
Construction-in-progress	18	–	–
Biological assets	19	–	–
Intangible assets	20	–	–
Deposits	21	–	–
Goodwill	22	–	–
Prepayment for acquisition of a subsidiary	23	1,000	–
		5,799	2,370
Current assets			
Biological assets	19	–	–
Properties for sale	24	–	–
Inventories	25	2,443	–
Trade and other receivables	26	2,862	1,560
Cash and cash equivalents	27	16,545	49,539
		21,850	51,099
Total assets		27,649	53,469
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28(b)	12,340	12,340
Reserves		(226,309)	(198,809)
Capital deficiency attributable to owners of the Company		(213,969)	(186,469)
Non-controlling interests		–	–
Capital deficiency		(213,969)	(186,469)

At 30 June 2017

	Note	2017 RMB'000	2016 RMB'000
Non-current liability			
Obligation under finance leases	30	–	–
Current liabilities			
Trade and other payables	31	241,618	239,938
Obligation under finance leases	30	–	–
		241,618	239,938
Total liabilities		241,618	239,938
Total liabilities, net of capital deficiency		27,649	53,469
Net current liabilities		(219,768)	(188,839)
Total assets less current liabilities		(213,969)	(186,469)

The consolidated financial statements on pages 67 to 138 were approved and authorised to issue by the Board of Directors on 12 July 2018 and are signed on its behalf by:

Mr. Ng Ong Nee
Director

Mr. Ng Hoi Yue
Director

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2017

	Attributable to owners of the Company									
	Share capital *RMB'000*	Share premium *RMB'000* *(note(a))*	Merger reserve *RMB'000* *(note(b))*	Share option reserve *RMB'000* *(note(c))*	Statutory reserve *RMB'000* *(note(d))*	Exchange reserve *RMB'000* *(note(e))*	Retained profits/ (accumulated losses) *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 July 2015	12,340	3,698,234	(4,473)	131,381	136,625	(101)	1,047,831	5,021,837	113,525	5,135,362
Loss for the year	–	–	–	–	–	–	(5,216,629)	(5,216,629)	–	(5,216,629)
Other comprehensive loss										
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	(2,383)	–	(2,383)	–	(2,383)
Total comprehensive loss for the year	–	–	–	–	–	(2,383)	(5,216,629)	(5,219,012)	–	(5,219,012)
Release upon deconsolidation of the Deconsolidated Subsidiaries	–	–	–	–	(136,625)	–	136,625	–	(113,525)	(113.525)
Share-based payments	–	–	–	10,706	–	–	–	10,706	–	10,706
Share options lapsed	–	–	–	(2,280)	–	–	2,280	–	–	–
Share options cancelled	–	–	–	(51,554)	–	–	51,554	–	–	–
	–	–	–	(43,128)	(136,625))	(2,383)	(5,026,170)	(5,208,306)	(113,525)	(5,321,831)
At 30 June 2016	12,340	3,698,234	(4,473)	88,253	–	(2,484)	(3,978,339)	(186,469)	–	(186,469)

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

As at 30 June 2017

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000 (note(a))	Merger reserve RMB'000 (note(b))	Share option reserve RMB'000 (note(c))	Statutory reserve RMB'000 (note(d))	Exchange reserve RMB'000 (note(e))	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 July 2016	12,340	3,698,234	(4,473)	88,253	–	(2,484)	(3,978,339)	(186,469)	–	(186,469)
Loss for the year	–	–	–	–	–	–	(28,466)	(28,466)	–	(28,466)
Other comprehensive income										
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	966	–	966	–	966
Total comprehensive loss for the year	–	–	–	–	–	966	(28,466)	(27,500)	–	(27,500)
Share options cancelled	–	–	–	(713)	–	–	713	–	–	–
	–	–	–	(713)	–	966	(27,753)	(27,500)	–	(27,500)
At 30 June 2017	12,340	3,698,234	(4,473)	87,540	–	(1,518)	(4,006,092)	(213,969)	–	(213,969)

Notes:

a) The application of the share premium account is governed by the Companies Act of Bermuda.

b) The merger reserve represents the excess of the value of the net assets of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange pursuant to the group reorganisation on 29 June 2005 in preparation for the admission of the Company's shares to Alternative Investment Market of the London Stock Exchange.

c) The share option reserve represents the fair value of the unexercised share options recognised in accordance with the accounting policy adopted for share-based payments in note 4(r)(ii).

d) The statutory reserve represents the appropriation of 10% of profit after taxation (after offsetting prior year losses) determined based on the accounting standards and regulations of the People's Republic of China (the "**PRC**") as required by the relevant PRC rules and regulations and the Articles of Association of the Company's PRC subsidiaries. The appropriation may cease to apply if the balance of the statutory reserve has reached 50% of that PRC subsidiary's registered capital.

e) The exchange reserve comprises all foreign exchange differences on translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policy set out in note 4(v).

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	2017 RMB'000	2016 RMB'000
Operating activities			
Loss before tax		**(28,466)**	(5,216,629)
Adjustments for:			
Interest income	9	**(106)**	(702)
Loss arising from the Incidents	10(a)	**–**	3,935,432
Impairment losses on amount due from Deconsolidated Subsidiaries	10(d)	**–**	1,250,898
Share-based payments	11(a)	**–**	10,706
Depreciation of property, plant and equipment	11(b)	**1,751**	748
Loss on disposal of property, plant and equipment	11(b)	**–**	197
Operating cash flows before movements in working capital		**(26,821)**	(19,350)
Increase in inventories		**(2,470)**	–
Increase in trade and other receivables		**(1,324)**	(1,556)
Increase in trade and other payables		**1,689**	156
Net cash used in operating activities		**(28,926)**	(20,750)
Investing activities			
Net cash outflow on deconsolidation of Deconsolidated Subsidiaries	10	**–**	(864,883)
Purchases of property, plant and equipment	16	**(4,207)**	(783)
Prepayment paid for acquisition of a subsidiary		**(1,000)**	–
Interest received		**106**	702
Net cash used in investing activities		**(5,101)**	(864,964)
Net decrease in cash and cash equivalents		**(34,027)**	(885,714)
Effect of foreign exchange rate changes		**1,033**	(2,318)
Cash and cash equivalents at beginning of the year		**49,539**	937,571
Cash and cash equivalents at end of the year	27	**16,545**	49,539

The accompanying notes form part of these consolidated financial statements.

1. GENERAL INFORMATION

Asian Citrus Holdings Limited (the "**Company**") is incorporated in Bermuda on 4 June 2003 as an exempted company with limited liability under the Companies Act of Bermuda and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (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 Suite 2609-11, 26/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. Details of substantial shareholders of the Company are disclosed in the paragraph headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares" in the section headed "Directors' Report" of the Company's annual report.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are set out in the table below.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Group, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Details of subsidiaries, including the Deconsolidated Subsidiaries (see Note 2), directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company 2017	2016	Principal activities
Directly held:							
Access Fortune Investments Limited	The British Virgin Islands ("**BVI**")	Hong Kong	Ordinary	United States dollar ("**USD**") 1	100%	100%	Investment holding
A-One Success Limited	BVI	Hong Kong	Ordinary	USD1	100%	100%	Investment holding
Asian Citrus Management Company Limited	BVI	Hong Kong	Ordinary	USD1	100%	100%	Proprietor and licensor of the Group's intellectual property rights
Newasia Global Limited	BVI	Hong Kong	Ordinary	USD100,100	100%	100%	Investment holding
Raised Energy Investments Limited	BVI	Hong Kong	Ordinary	USD1	100%	100%	Investment holding
ACH Green Trees Holdings Limited	Hong Kong	Hong Kong	Ordinary	Hong Kong Dollars ("**HKD**") 10,000	100%	100%	Not commenced business yet
Golden Rain Group Limited	BVI	Hong Kong	Ordinary	USD100	100%	N/A	Investment holding
Team Luck Develop Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	100%	Investment holding

1. GENERAL INFORMATION *(continued)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company 2017	2016	Principal activities
Indirectly held:							
Asian Citrus (H.K.) Company Limited	Hong Kong	Hong Kong	Ordinary	Hong Kong Dollar ("**HKD**") 1	100%	100%	General commercial and leasing of properties
Chance Full (H.K.) Limited	Hong Kong	Hong Kong	Ordinary	USD1	100%	100%	General commercial
BPG Food & Beverage Holdings Ltd.	Cayman Islands	Hong Kong	Ordinary	HKD1,000	100%	100%	Investment holding
Bright Treasure Group Holdings Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	N/A	Sales of commodities
Chance Lead Holdings Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	100%	Investment holding
Fame Zone Limited	BVI	Hong Kong	Ordinary	USD1	100%	100%	Investment holding
Golden City Worldwide Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	N/A	Sales of commodities
Top Honest Holdings Limited	BVI	Hong Kong	Ordinary	USD1	100%	100%	Investment holding
Wealth Elite Investments Limited	Hong Kong	Hong Kong	Ordinary	HKD1	100%	100%	Investment holding
Beihai Perfuming Garden Juice Co., Ltd^ (北海市果香園果汁有限公司)#	The People's Republic of China (the "**PRC**")	PRC	Ordinary	RMB226,800,000	92.94%	92.94%	Trading of fruit juice concentrates, manufacture and sale of frozen fruits and vegetables
Beihai Super Fruit Co., Ltd^ (北海盛果商貿有限公司)#	PRC	PRC	Ordinary	RMB3,000,000	92.94%	92.94%	Trading of condensed fruit juice
Guangzhou Asian Citrus Investment Consulting Co., Ltd.^ (廣州市亞機果投資諮詢有限公司)*	PRC	PRC	Ordinary	RMBNil	100%	100%	Not commenced business yet
Hepu Perfuming Garden Food Co., Ltd.^ (合浦果香園食品有限公司)#	PRC	PRC	Ordinary	RMB34,000,000	92.94%	92.94%	Manufacture and sale of fruit juice concentrates, fruit purees and others

1. GENERAL INFORMATION *(continued)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company 2017	2016	Principal activities
Indirectly held: *(continued)*							
Litian Biological Sciences & Technology Development (Xinfeng) Company Limited[Δ] (利添生物科技發展(信豐)有限公司)*#	PRC	PRC	Ordinary	USD15,000,000	100%	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development Yongzhou Limited[Δ] (永州利添生物科技發展有限公司)*#	PRC	PRC	Ordinary	USD10,000,000	100%	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development (Hepu) Limited[Δ] (利添生物科技發展(合浦)有限公司)*#	PRC	PRC	Ordinary	RMB284,850,000	100%	100%	Planting, cultivation and sale of oranges
Lucky Team Industrial (Ganzhou) Company Limited[Δ] (利添實業(贛州)有限公司)*#	PRC	PRC	Ordinary	USD10,000,000	N/A	100%	Development of orange processing centre
Lucky Team (Hepu) Agriculture Development Limited[Δ] (利添良繁(合浦)農業發展有限公司)*#	PRC	PRC	Ordinary	HKD28,000,000	100%	100%	Development of nursery
Tianyang Perfuming Garden Food Industrial Co., Ltd.[Δ] (田陽果香園食品工業有限公司)*#	PRC	PRC	Ordinary	HKD78,000,000	100%	100%	Manufacture and sale of frozen fruits and others

* Established in the PRC as wholly foreign-owned enterprise

\# Deconsolidated subsidiaries have been deconsolidated from the Group's consolidated financial statements with effect from 1 July 2015

Δ For identification purposes only

2. BASIS OF PREPARATION

The consolidated financial statements as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (collectively referred as to the "**Group**"). Details of the subsidiaries were set out in note 1.

During the audit process in respect of the consolidated financial statements of the Group for the year ended 30 June 2016, HLB Hodgson Impey Cheng Limited, the auditors of the Company, (the "**Auditors**") reported that it has received written correspondences which appeared to be sent by a person named Mr. Chen De Qiang* (陳德強) ("**Mr. DQ Chen**"), who is a finance manager of certain PRC subsidiaries of the Company and asserted in the correspondence that he was acting on behalf of Mr. Man Gui Fu* (滿桂富) ("**Mr. Man**"), who is (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) holders of positions in some other PRC subsidiaries of the Company and indicated to the Auditors that certain amounts or balances in the internal records of certain customers and suppliers did not correspond to the internal records of Hepu Perfuming Garden Food Co., Ltd* (合浦果香園食品有限公司) for the year ended 30 June 2016 ("**Mr. Chen's Allegation**"). Further details are disclosed in the Company's announcement dated 29 September 2016.

After that, at the request of a man who claimed to be Mr. Man's representative, the Auditors have arranged to meet Mr. Man in the office of the Auditors' legal adviser (the "**Meeting**"). A man who claimed to be Mr. Man attended the Meeting and asserted to the Auditors that there were inaccuracies in the books and records of certain subsidiaries of the Company and provided to the Auditors documents purporting to be copies of bank statements for the period from 1 January 2016 to 30 June 2016 of Lucky Team 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 ("**Mr. Man's Allegation**").

In June 2017 the Company was made aware of service of proceedings from a court in the PRC whereby Mr. Man had commenced legal proceedings against Chance Lead Holdings Limited ("**Chance Lead**"), a subsidiary of the Company and the immediate holding company of Beihai Perfuming Garden, alleging that he had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed by Chance Lead, Mr. Man and the previous shareholders of Beihai Perfuming Garden in February 2010 (the "**Arrangements**"). Furthermore, the Company was made aware of a court order in the PRC requiring Tianyang Perfuming Garden 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's understanding of the allegations is that Tianyang Perfuming Garden had allegedly entered into a loan facility agreement with a person called Xue Zhen* (薛珍) 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, Mr. Chen's Allegation and Mr. Man's Allegation are collectively referred to as the "**Allegations**"). The board of directors of the Company (the "**Board**") had, since becoming aware of the legal proceedings, made enquiries with Tianyang Perfuming Garden in connection with information related to this loan, but up to the date of approval of the consolidated financial statements, Tianyang Perfuming Garden (which to the Company's knowledge its senior management includes Mr. Huang Xin, Mr. Pang Yi, Mr. Man and Mr. Wang Jia Yi) has not responded nor cooperated. The Company had also instructed its PRC legal advisers to attend the office of Tianyang Perfuming Garden to exercise its shareholders' right and make enquiries. Nevertheless the management of Tianyang Perfuming Garden refused to cooperate. Further details are disclosed in the Company's announcement dated 30 June 2017.

* *For identification purposes only*

2. BASIS OF PREPARATION *(continued)*

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 "**Hong Kong 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 and 28 September 2016 respectively. As disclosed in the Company's announcement dated 27 March 2017, the London Stock Exchange would cancel the admission of AIM securities where these securities had been suspended from trading for 6 months and as such the Company's shares would be cancelled from trading on AIM with effect from 29 March 2017, being the date that is 6 months from the date when the shares were initially suspended.

The directors of the Company have initiated and tried to establish communications with Mr. Man and Mr. DQ Chen as well as other senior management of the Company's subsidiaries established in the PRC (except for Guangzhou Asian Citrus Investment Consulting Co., Ltd.* (廣州市亞機果投資諮詢有限公司), which was established by the Group on 21 January 2016) (the "**PRC Subsidiaries**") with a view to clarify details in connection with the Allegations. The Group had initiated formal legal procedures to change the relevant senior management members of the PRC subsidiaries. After taking legal advice from a PRC lawyer, the implementation of such changes may take a prolonged time and cause undue delay. Up to the date of approval of the consolidated financial statements, (i) the Group has not yet received any of the requested information from Mr. Man and Mr. DQ Chen in respect of the Allegations which are required for the proper finalisation of the consolidated financial statements of the Group; and (ii) the relevant legal procedures to change the senior management members of the PRC subsidiaries are still in progress. Further details are disclosed in the Company's announcements dated 8 November 2016, 8 December 2016, 6 January 2017, 27 January 2017, 27 February 2017, 15 March 2017, 27 March 2017, 30 June 2017 and 29 September 2017.

The Board believes that the 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 Company and is against the interests of its shareholders.

Given the circumstances that the directors of the Company have not been able to have access to complete books and records of the PRC Subsidiaries and in the absence of Mr. Man, Mr. DQ Chen and the management of the PRC Subsidiaries to explain and validate the true state of the affairs of the PRC Subsidiaries as at 30 June 2017 and 2016 and their financial performance for the financial years then ended, the directors of the Company considered it would be extremely difficult and time consuming to ascertain the true and correct financial position and profit or loss as of and for the years ended 30 June 2017 and 2016 for the Group on a consolidated basis or to obtain sufficient documentary information to satisfy themselves regarding the treatment of the transactions during the years and various balances of the Group and the PRC Subsidiaries as at 30 June 2017 and 2016. As of the date of approval of the consolidated financial statements of the Group, the directors of the Company are satisfied that the Group have used its best efforts, to the extent commercially practicable, to attempt to obtain the accounting records of the PRC Subsidiaries for the years ended 30 June 2017 and 2016, applying the best estimates and judgement based on the information of the Group that are available to the directors of the Company. In the opinion of the Board, any reconstruction of the correct accounting records would be impracticable as it will be necessary to verify the information with external and independent sources and such sources may not be available or may be unreliable due to their connections with the management of the PRC Subsidiaries or those responsible for the financial information within and outside of the Group.

* *For identification purposes only*

2. BASIS OF PREPARATION *(continued)*

Given these circumstances, the Board has not consolidated the financial statements of the PRC Subsidiaries (hereinafter referred to as the "**Deconsolidated Subsidiaries**") with effect from 1 July 2015. As such, the results, assets and liabilities of the Deconsolidated Subsidiaries have not been included into the consolidated financial statements of the Group since 1 July 2015 or as at 30 June 2016 and 2017, as appropriate. The deconsolidation of the Deconsolidated Subsidiaries resulted in a loss of approximately RMB3,935,432,000, which was determined based on the carrying amounts of the assets and liabilities of the Deconsolidated Subsidiaries as at 1 July 2015. This loss had been recognised in the consolidated statement of profit or loss for the year ended 30 June 2016 and presented as loss arising from the Incidents and the resulting movement of approximately RMB136,625,000 had been recorded in the statutory reserve in the consolidated statement of changes in equity for the year ended 30 June 2016. Details of the Deconsolidated Subsidiaries are set out in note 10 to the consolidated financial statements.

In the opinion of the directors of the Company, the consolidated financial statements of the Group as at and for the year ended 30 June 2017 prepared on the aforementioned basis is the most appropriate and practical way of presenting the results and state of affairs of the Group as the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the transactions and balances related to the Deconsolidated Subsidiaries. However, the deconsolidation of the Deconsolidated Subsidiaries is not in compliance with the requirements of International Financial Reporting Standard ("**IFRS**") 10 "Consolidated Financial Statements". Given the abovementioned circumstances, the directors of the Company are unable to ascertain the impact of the Incidents with respect to the accounting records and transactions of the Deconsolidated Subsidiaries, if any, and hence how much of the reported loss arising from the Incidents related solely to the impact of deconsolidation of the Deconsolidated Subsidiaries. Furthermore, the comparative financial information disclosed in the consolidated financial statements only represents such information as reported in the consolidated financial statements of the Group for the year ended 30 June 2016 (the "**2016 Financial Statements**") and therefore may not be comparable with the figures for the current year.

Due to limited books of account and records available to the directors of the Company and the non-consolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015, the following disclosures have not been made in the consolidated financial statements insofar as the details or information relate to the Deconsolidated Subsidiaries as at and for the years ended 30 June 2017 and 2016:

- Details of the credit policy and aging of debtors and creditors as required by the Hong Kong Listing Rules;
- Details of contingent liabilities and commitments as required by the Hong Kong Companies Ordinance and IFRSs;
- Details of allowance account for credit losses, financial risk management and fair value disclosure as required by IFRS 7 "Financial Instruments – Disclosures"; and
- Entity-wide disclosures as required by IFRS 8 "Operating Segments".

2. BASIS OF PREPARATION *(continued)*

Further, for the same reasons as those stated above, the Board is unable to represent in these consolidated financial statements that all transactions entered into by the Group for the year ended 30 June 2017 have been properly reflected in the consolidated financial statements. In this connection, the Board is also unable to represent as to the completeness, existence and accuracy of identification and the disclosures of segment information in note 7, revenue in note 8, other income in note 9, loss arising from the Incidents in note 10, loss before tax in note 11, income tax expense in note 12, directors' emoluments in note 13, individuals with highest emoluments in note 14, loss per share in note 15, property, plant and equipment in note 16, land use rights in note 17, construction-in-progress in note 18, biological assets in note 19, intangible assets in note 20, deposits in note 21, goodwill in note 22, prepayment for acquisition of a subsidiary in note 23, properties for sale in note 24, inventories in note 25, trade and other receivables in note 26, cash and cash equivalents in note 27, capital, reserves and dividends in note 28, share-based payments in note 29, obligation under finance leases in note 30, trade and other payables in note 31, commitments in note 32, related party transactions in note 33, statement of financial position of the Company in note 34 and events after the reporting period in note 35 insofar as the details or information relate to the Deconsolidated Subsidiaries.

Any adjustments arising from the matters described above would have a consequential significant effect on the net loss of the Group for the year ended 30 June 2017 and net liabilities of the Group as at 30 June 2017, as well as the elements presented in the consolidated financial statements.

Due to the limited financial information available and the non-cooperation of the management of the Deconsolidated Subsidiaries, the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the genuineness and completeness of books and records and the treatment of various balances as included in the consolidated financial statements for the year ended 30 June 2017 and have formed the opinion as follows:

As per assessment by the Board based on the information available at this stage, all identified, required adjustments have been put through in the consolidated financial statements for the year ended 30 June 2017. Since the communication with Mr. Man and Mr. DQ Chen and formal legal procedures are still ongoing, any further adjustments and disclosures, if required, would be made in the consolidated financial statements of the Group as and when the outcome of the above uncertainties is known and the consequential adjustments and disclosures are identified, and would have a consequential effect on the net loss of the Group for the year ended 30 June 2017 and the net liabilities of the Group as at 30 June 2017.

Subsequent to the end of the reporting period, the legal representative of Lucky Team Hepu passed away in August 2017. In view of such development, following consultation with the PRC legal advisers, the Company had submitted applications to effect the appointment of a replacement legal representative of Lucky Team Hepu and its directors. Further details are disclosed in the Company's announcement dated 29 September 2017.

2. BASIS OF PREPARATION *(continued)*

The Group thereafter obtained a copy of the business licence of Lucky Team Hepu re-issued by the State Administration for Industry and Commerce (the "**SAIC**") at Beihai City and Hepu County of the PRC, effected changes of the legal representative, board of directors and supervisor of Lucky Team Hepu to the Company's nominated representatives, all of which have taken effect on 28 September 2017 and reflected on public record, and then entered into the premises of Lucky Team Hepu to take physical control and possession of the registered office of Lucky Team Hepu, including the land and buildings occupied by it, and made an inventory record of assets, books and records being held on site. The directors of the Company therefore considered that the Group's effective control over Lucky Team Hepu was resumed since 28 September 2017 and its financial statements would be consolidated into the Group's consolidated financial statements thereafter. The details of the assets and liabilities recorded on 28 September 2017 are set out in note 35(o) to the consolidated financial statements. Further details are disclosed in the Company's announcement dated 31 October 2017, 30 November 2017 and 28 December 2017.

As disclosed in note 35(n) to the consolidated financial statements, on 3 January 2017, the Group entered into a sale and purchase agreement with an independent third party to acquire 100% equity interests in Guangxi Hepu Guanhua Agriculture Co. Ltd* (廣西合浦冠華農業有限公司) (the "**Agriculture Company**"), of which principal activities are cultivation management and sales of oranges, with a total cash consideration of RMB1,000,000 (the "**Agriculture Company Acquisition**"). Prior to the Agriculture Company Acquisition, the Agriculture Company had entered into a cooperation agreement (the "**Cooperation Agreement**") with Lucky Team Hepu on 1 December 2016 for a term of 30 years that the Agriculture Company would contribute fertilizers, pesticides and labour while Lucky Team Hepu would contribute the land, trees, machinery and the provision of technical support on cultivation and soil management. Under the Cooperation Agreement, the revenue generated from harvested oranges would be shared between the Agriculture Company and Lucky Team Hepu in the proportion of 90% and 10% respectively. On 18 September 2017, the legal title of the equity interests of the Agriculture Company changed to the Company's wholly-owned subsidiary and the legal representative of the Agriculture Company also changed to the Company's nominated representative and both of the above were reflected on public records of the SAIC at Beihai City and Hepu County of the PRC; and the Agriculture Company Acquisition was completed on the same date.

During the year ended 30 June 2017, the Group incurred loss of approximately RMB28,466,000 and as of that date, the Group's total liabilities exceeded its total assets by approximately RMB213,969,000. Following deconsolidation of the Deconsolidated Subsidiaries, the Group become net liabilities in its consolidated statement of financial position. In addition, at the request of the Company, the trading of the shares of the Company on the HKEx was suspended with effect from 29 September 2016. The directors of the Company have been unable to represent that all present and contingent liabilities of the Group have been completely identified as abovementioned. These conditions indicate the existence of a material uncertainty which may cast significant doubts on the Group's ability to continue as a going concern.

Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis. The validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due. In addition, a substantial shareholder of the Company has confirmed his intention to provide continuing financial support to the Group to enable it to continue as a going concern and to settle its liabilities as and when they fall due for the foreseeable future such that the Group can meet its future working capital and financing requirements.

* *For identification purposes only*

2. BASIS OF PREPARATION *(continued)*

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATIONS OF NEW AND REVISED IFRSs

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

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

IFRSs (Amendments)	Annual Improvements to IFRSs 2012-2014 Cycle
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts
IAS 1 (Amendments)	Disclosure Initiative
IAS 16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (Amendments)	Agriculture: Bearer Plants
IAS 27 (Amendments)	Equity Method in Separate Financial Statements

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

3. APPLICATIONS OF NEW AND REVISED IFRSs *(continued)*

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

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

IFRSs (Amendments)	Annual Improvements to IFRSs 2014-2016 Cycle[2]
IFRSs (Amendments)	Annual Improvements to IFRSs 2015-2017 Cycle[3]
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[2]
IFRS 9	Financial Instruments[2]
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation[3]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 15 (Amendments)	Clarifications to IFRS 15 Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
IFRS 17	Insurance Contracts[4]
IAS 7 (Amendments)	Disclosure Initiative[1]
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[3]
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[3]
IAS 40 (Amendments)	Transfers of Investment property[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRIC 23	Uncertainty over Income Tax Treatments[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2021
5 Effective for annual periods beginning on or after a date to be determined

3. APPLICATIONS OF NEW AND REVISED IFRSs *(continued)*

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

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 June 2016, application of IFRS 9 in the future may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition and the allocation of total consideration to respective performance obligations based on relative fair values may be affected, and more disclosures relating to revenue is required. In addition, the application of IFRS 15 in the future may result in more disclosures in the consolidated financial statements.

3. APPLICATIONS OF NEW AND REVISED IFRSs *(continued)*

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

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 June 2017, the Group as lessee has non-cancellable operating lease commitments of approximately RMB4,350,000 as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the consolidated statement of profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. The directors of the Company anticipate that the application of IFRS 16 would not have significant impact on the net financial position and performance of the Group comparing with IAS 17 currently adopted by the Group. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

The directors of the Company consider that the application of other new and amendments to IFRSs do not have material impact to the consolidated financial statements of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed in note 2 to the consolidated financial statements, the consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the disclosure requirements of the Hong Kong Companies Ordinance ("**CO**").

The consolidated financial statements have been prepared under the historical cost basis, except for certain biological assets, which are measured at fair values, as appropriate, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included with Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use the power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity thereon.

(b) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquire or the replacement of an acquiree's share-based payment transactions with share based payment transactions of the Group are measured in accordance with IFRS 2 at the acquisition date;

- assets or liabilities related to an operating lease in which the acquiree is the lease shall not be recognised, unless the terms of an operating lease are favorable or unfavorable relative to market terms. In that case, an intangible asset or a liability, as appropriate, is recognised; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 4(k)(ii)).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("**CGU**") (or groups of CGU) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent impairment losses (see note 4(k)(ii)).

Depreciation of property, plant and equipment is calculated, using the straight-line basis, to write off the cost of each asset less residual value over its estimated useful life at the following principal annual rates:

Buildings	2.22% to 20%
Leasehold improvements	3.33% to 33.33%
Plant and machinery	10% to 33.33%
Furniture, fixtures and equipment	5% to 33.33%
Motor vehicles	10% to 33.33%
Farmland infrastructure and machinery	2% to 38.71%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when the cost of the item can be measured reliably and it is probable that future economic benefits will flow to the entity. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the item and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Land use rights

The up-front payments made for the land use rights are amortised to profit or loss using the straight-line basis over the terms of the leases.

(g) Construction-in-progress

Construction in progress represents infrastructure and land improvements under construction, property, plant and equipment under construction and equipment pending installation, and is stated at cost less subsequent impairment losses (see note 4(k)(ii)). The cost of completed construction work is transferred to the appropriate category of property, plant and equipment. Depreciation commences when the relevant assets are available for use.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 4(e). Impairment losses are accounted for in accordance with the accounting policy as set out in note 4(k)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Leased assets *(continued)*

(iii) Operating leases charges

Where the Group has the use of assets, including plantation bases, held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Biological assets

Biological assets consist of self-bred saplings, infant trees, citrus trees and banana trees. In the absence of an active open market, self-bred saplings are stated at cost at the end of the reporting period and will be transferred to the category of infant trees upon planting at their carrying value.

The infant trees transferred from the category of self-bred saplings are stated at cost less accumulated impairment losses (see note 4(k)(ii)). Principal directly attributable costs, such as costs of fertilizers, pesticides and depreciation, incurred during the period of biological growth of infant trees are recognised as additions to biological assets until the stage such trees start bearing oranges.

Citrus trees are stated at their fair values less costs to sell, where the fair values are based on the present value of expected net cash flows from the citrus trees discounted at a current market-determined pre-tax rate.

Banana trees are stated at their fair values less costs to sell, where their fair values are determined with reference to the recent market prices of banana in similar locations and conditions.

A gain or loss arising on initial recognition of biological assets at fair value less costs to sell and from a change in fair value less costs to sell is recognised in profit or loss in the period in which it arises.

Agricultural produce harvested from the biological assets is measured at its fair value less costs to sell at the point of harvest. The fair value of agricultural produce is based on market prices of agricultural produce of similar size and weight or alternative estimates of fair value.

Biological assets that are expected to be realised in the next harvest within the next twelve months are classified under current assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Intangible assets (other than goodwill)

(i) Research and development costs

Costs associated with research activities are charged to profit or loss as incurred. Costs associated with development activities are expensed as incurred, or recognised as intangible assets when the following recognition requirements are met:

– demonstration of technical feasibility of the prospective product for internal use or sale;

– there is intention to complete the intangible asset and use or sell it;

– the Group's ability to use or sell the intangible asset is demonstrated;

– the intangible asset will generate probable economic benefits through internal use or sale;

– sufficient technical, financial and other resources are available for completion; and

– the expenditure attributable to the intangible asset can be reliably measured.

Capitalised development costs are stated at cost less subsequent accumulated amortisation and any subsequent impairment losses (see note 4(k)(ii)). Amortisation of capitalised development costs is charged to profit or loss on straight-line method over the assets' estimated useful lives of 5 to 10 years. Both the period and method of amortisation are reviewed annually. Development costs previously recognised as expenses are not recognised as an asset in the subsequent period.

(ii) Trademark

Trademark is stated at cost less subsequent accumulated amortisation and any subsequent impairment losses (see note 4(k)(ii)). Amortisation of trademark is provided on straight-line method over its estimated useful life of 10 years.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairments

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the non-financial assets, other than inventories (see note 4(m)) and deferred tax assets (see note 4(s)), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Properties for sale

Properties under development for sale are stated at cost less subsequent impairment losses (note 4(k)(ii)). Costs include costs of land use rights, construction costs and other direct costs attributable to such properties. On completion, the properties are reclassified to completed properties for sale at the carrying amount.

Completed properties for sale are stated at the lower of cost and net realisable value. Costs include costs of land use rights, construction costs and other direct costs attributable to such properties. Net realisable value is determined by reference to sales proceeds received after the end of the reporting period less selling expenses, or by estimates based on prevailing market condition.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is computed using first-in, first-out method or, where appropriate, the weighted average method and includes all costs incurred in acquiring the inventories to bring them to their present location and condition. In case of manufactured inventories, cost includes direct labour and appropriate share of overheads. Net realisable value is based on anticipated sales proceeds less estimated cost of completion and selling expenses.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 4(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(o) Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would not be material, in which case they are stated at cost.

(q) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets

The financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables and deposits paid, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit terms of the customers, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and deposits paid, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including accrued expenses and other payables and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis and is included in finance costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Company retains control), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contributions retirement plans

Salaries, wages, annual bonuses, paid annual leave and contributions to defined contributions retirement plans are accrued in the year in which the associated services are rendered by employees of the Group.

The Group operates a mandatory provident fund scheme in Hong Kong for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. This scheme is a defined contribution retirement scheme administered by independent trustee. In addition, the subsidiaries in the PRC are required to participate in the defined contribution retirement schemes operated by the relevant government authorities for employees in the PRC and make contributions to the retirement schemes at certain rates of the basic salary of its employees in the PRC. Contributions to all these schemes are charged to profit or loss when incurred.

(ii) Share-based payments

The Company operates equity-settled, share-based compensation plans. The cost of share options is charged to profit or loss and the corresponding amount is recognised in the share option reserve under equity. Where the grantees are required to meet vesting conditions before they become entitled to the share options or shares, the Company recognises the fair value, determined at the grant date, of the share options or shares granted as an expense on a straight-line basis over the vesting period. If the grantees choose to exercise share options, the respective amount in the share option reserve is transferred to share capital and share premium, together with exercise price, net of any directly attributable transaction costs. At the end of each reporting period, the Company revises its estimates of the number of share options expected to vest. The impact of the revision of original estimates, if any, is recognised in profit or loss with a corresponding adjustment to the share option reserve over the remaining vesting period.

(s) Taxation

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Taxation *(continued)*

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as described below.

Sales of goods are recognised upon transfer of significant risks and rewards of ownership to the customer. This is usually taken to be the point in time when the goods are delivered and the customer has accepted the goods.

Interest income is recognised as it accrues using the effective interest method.

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into RMB using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated into RMB at the rates ruling at the end of the reporting period. Profits and losses resulting from this translation policy are recognised in profit or loss.

In the consolidated financial statements, the results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Items in statements of financial position are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match with the costs that the grants are intended to compensate. Government grants relating to income is presented in gross under "other income" in profit or loss.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) both entities are joint venture of a third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is apart, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the consolidated financial statements provided regularly to the Group's chief operating decision maker ("**CODM**") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment and depreciation

Management determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. The Group's management reassesses the estimations at the end of each reporting period.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 ***RMB'000***	2016 *RMB'000*
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**19,407**	50,043
Financial liabilities		
Amortised cost	**(241,618)**	(239,938)

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents and trade and other payables. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group is exposed to currency risk primarily through its trade and other receivables, cash and cash equivalents and trade and other payables that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily HKD, USD and Great Britain pounds ("**GBP**").

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. Management manages its currency risk by closely monitoring the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Assets		Liabilites	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HKD	**11,815**	47,160	**62**	2,424
USD	**168**	36	**–**	–
GBP	**28**	4	**–**	–

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(i) Currency risk (continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's result after income tax (and accumulated losses) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2017			2016		
	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in loss after tax and accumulated losses *RMB'000*	Effect on other components of equity *RMB'000*	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in loss after tax and accumulated losses *RMB'000*	Effect on other components of equity *RMB'000*
HKD	10%	(981)	–	10%	(4,474)	–
	(10%)	981	–	(10%)	4,474	–
USD	10%	(14)	–	10%	(4)	–
	(10%)	14	–	(10%)	4	–
GBP	10%	(2)	–	10%	–	–
	(10%)	2	–	(10%)	–	–

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities exposure to currency risk for the financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' result after income tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purpose. The analysis is performed on the same basis for 2016.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from short term bank deposits. The Group's interest income is dependent on changes in market interest rates. However, a reasonably possible change of 100 basis points in interest rates would have no significant impact on the Group's profit or loss for the year.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on cash and cash equivalents is limited because the counterparties are authorised banks located in the PRC and Hong Kong, which management believes are of high credit quality.

In order to minimise the credit risk on trade receivables, the Group has policies in place to ensure that sales are made to customers with appropriate credit history or in cash. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statements of financial position after deducting any impairment allowance.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and development and to mitigate the effect of fluctuations in cash flows.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash outflows and the earliest date the Group can be required to pay:

2017	Carrying amount *RMB'000*	Total contractual undiscounted cash outflow *RMB'000*	Within 1 year or on demand *RMB'000*	After 1 year but within 2 years *RMB'000*	After 2 years but within 5 years *RMB'000*
Trade and other payables	241,618	241,618	241,618	–	–

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Liquidity risk *(continued)*

2016	Carrying amount *RMB'000*	Total contractual undiscounted cash outflow *RMB'000*	Within 1 year or on demand *RMB'000*	After 1 year but within 2 years *RMB'000*	After 2 years but within 5 years *RMB'000*
Trade and other payables	239,938	239,938	239,938	–	–

(c) Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. SEGMENT INFORMATION

The Group managed its business by lines of business. In a manner consistent with the way in which information was reported internally to the Group's CODM for the purposes of resources allocation and performance assessment. No segment information is presented as the Board considered that the Group has no operating and reportable segments during the year ended 30 June 2017 and did not engage in any revenue generating activity during the year ended 30 June 2016.

No customer accounted for 10% or more of the total revenue for both years.

All non-current assets of the Group were located in Hong Kong.

8. REVENUE

The Group did not generate any revenue for the years ended 30 June 2017 and 2016.

9. OTHER INCOME

	2017 ***RMB'000***	2016 *RMB'000*
Interest income	**106**	702
Sundry income	**1,542**	–
	1,648	702

10. LOSS ARISING FROM THE INCIDENTS

As explained in note 2 to the consolidated financial statements, 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.

For the purposes of the consolidated financial statements, in view of the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015, all references to the "Group" refer to the Company and its subsidiaries excluding the Deconsolidated Subsidiaries if the words "the Group" are used in respect of the years ended or as at 30 June 2016 and 2017, but refer to the Company and all its subsidiaries (including the Deconsolidated Subsidiaries) if the words are used in respect of the year ended or as at 30 June 2015, 1 July 2015 or earlier periods or dates.

Details of the carrying amounts of net assets of the Deconsolidated Subsidiaries as at 1 July 2015, determined based on the management accounts used in the preparation of the consolidated financial statements of the Group for the financial year ended 30 June 2015, are set out below:

(a) Deconsolidation of the Deconsolidated Subsidiaries

Details of net assets of the Deconsolidated Subsidiaries as at 1 July 2015

	RMB'000
Property, plant and equipment	2,250,979
Land use rights	74,625
Construction-in-progress	49,430
Biological assets	1,596,782
Intangible assets	51,091
Deposits	11,012
Inventories	106,033
Trade and other receivables	194,535
Amounts due from the ultimate holding company	31,072
Amounts due from an intermediate holding company	206,442
Cash and cash equivalents	864,883
Trade and other payables	(136,310)
Amounts due to the immediate holding company of the Deconsolidated Subsidiaries	(1,250,898)
Obligations under finance leases	(719)
Carrying amounts of net assets of the Deconsolidated Subsidiaries	4,048,957
Less: Carrying amounts of non-controlling interests in the Deconsolidated Subsidiaries	(113,525)
Carrying amounts of net assets of the Deconsolidated Subsidiaries attributable to the owners of the Company, presented as "Loss arising from the Incidents" in the consolidated statement of profit or loss for the year ended 30 June 2016	3,935,432

10. LOSS ARISING FROM THE INCIDENTS *(continued)*

(b) Net cash outflow on deconsolidation of the Deconsolidated Subsidiaries

	2016 *RMB'000*
Cash and cash equivalents of the Deconsolidated Subsidiaries derecognised upon deconsolidation	(864,883)

(c) Amounts due to the Deconsolidated Subsidiaries included in the consolidated statement of financial position as at 30 June 2017 and 2016

	RMB'000
Trade and other payables	237,514

(d) Impairment losses

	2016 *RMB'000*
Impairment losses on amounts due from the Deconsolidated Subsidiaries *(Note)*	1,250,898

Note:

During the year ended 30 June 2016, impairment losses have been recognised for the amounts due from the Deconsolidated Subsidiaries due to the amounts were considered by the directors of the Company to be highly unrecoverable and which were determined by reference to the estimation of future cash flows expected to be generated from the Deconsolidated Subsidiaries. Accordingly, impairment losses of approximately RMB1,250,898,000 were recognised during the year ended 30 June 2016 to fully write down the amounts due from the Deconsolidated Subsidiaries.

(e) 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 Mr. Man has commenced legal proceedings against Chance Lead alleging that he had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements and (ii) the Tianyang Perfuming Garden Proceeding. The progress development of the above subsequent to the end of the reporting period is set out in note 35(h), 35(i) and 35(j).

In addition, the Company is made aware by the senior management of Tianyang Perfuming Garden in late February 2018 that Tianyang Perfuming Garden had been served with a service of proceeding from Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) whereby the same claimant under the First TPG Judgment (as defined in Note 35(i)) has 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 work. The progress development of the above subsequent to the end of the reporting period is set out in note 35(h), 35(i), 35(l) and 35(m).

11. LOSS BEFORE TAX

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

		2017 RMB'000	2016 RMB'000
(a)	**Staff costs (including directors' emoluments)**		
	– salaries, wages and other benefits	9,579	9,978
	– share-based payments	–	10,706
	– contribution to defined contribution retirement plans	225	167
		9,804	20,851
(b)	**Other items**		
	Auditors' remuneration		
	– Audit services	1,052	1,000
	– Non-audit services	683	667
	– Under-provision in prior year	–	133
		1,735	1,800
	Depreciation of property, plant and equipment	1,751	748
	Exchange loss/(gains), net	342	(4,774)
	Legal and professional fees	2,504	904
	Operating lease expenses		
	– properties	3,096	2,069
	Loss on disposal of property, plant and equipment	–	197

12. INCOME TAX EXPENSE

(a) On the basis stated below, no income tax has been provided by the Group:

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

(ii) No Hong Kong profits tax has been provided as the Group did not have assessable profits arising in or derived from Hong Kong.

12. INCOME TAX EXPENSE *(continued)*

(a) On the basis stated below, no income tax has been provided by the Group: *(continued)*

(iii) No PRC enterprise income tax has been provided as the Group did not have assessable profit in the PRC during the year. Prior to the deconsolidation of the Deconsolidated Subsidiaries, the Group determined its provision for PRC enterprise income tax based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax laws, rules and regulations of the PRC.

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

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

(iv) PRC withholding income tax

Under the PRC tax law, profits of the Group's subsidiaries in the PRC derived since 1 January 2008 is subject to withholding income tax upon the distribution of such profits at the rate of 5% for foreign investors or companies incorporated in Hong Kong and at the rate of 10% for other foreign investors. Pursuant to the grandfathering arrangements of the PRC tax law, dividends receivable by the Group from its subsidiaries in the PRC in respect of the undistributed profits derived prior to 31 December 2007 are exempt from the withholding income tax. At 30 June 2017, no deferred tax liabilities have been recognised (30 June 2016: Nil) in respect of the tax that would be payable on the unremitted profits of the subsidiaries in the PRC derived since 1 January 2008 as the Company is in a position to control the dividend policies of the subsidiaries in the PRC and no distribution of such profits is expected to be declared from the subsidiaries in the PRC in the foreseeable future. As at 30 June 2017, the Group has no unremitted profit of the subsidiaries in the PRC (2016: RMBNil) due to the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015.

(b) Reconciliation between income tax expenses and loss before tax in the consolidated statement of profit or loss at applicable rates:

	2017 ***RMB'000***	2016 *RMB'000*
Loss before tax	**(28,466)**	(5,216,629)
Notional tax at the rates applicable to losses in the jurisdictions concerned	**(4,697)**	(860,744)
Tax effect of non-deductible expenses	**4,425**	860,737
Tax effect of temporary differences not recognised for deferred tax purposes	**289**	123
Tax effect of non-taxable income	**(17)**	(116)
Actual tax expense	**–**	–

13. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees		Salaries allowances and benefits in kind		Share-based payments		Retirement scheme contribution		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Directors' emoluments										
Executive directors										
Mr. Ng Ong Nee	–	–	1,578	1,300	–	432	–	–	1,578	1,732
Mr. Ng Hoi Yue *(Note i)*	–	–	1,350	1,037	–	–	16	14	1,366	1,051
Mr. Tong Hung Wai, Tommy *(Note ii)*	–	–	–	312	–	112	–	6	–	430
Mr. Cheung Wai Sun *(Note iii)*	–	–	–	220	–	112	–	6	–	338
Mr. Pang Yi *(Note iii)*	–	–	–	1,036	–	2	–	–	–	1,038
Mr. Ng Cheuk Lun *(Note iv)*	–	–	–	673	–	112	–	6	–	791
Non-executive directors										
Mr. He Xiaohong *(Note v)*	–	–	123	–	–	–	–	–	123	–
Independent non-executive directors										
Mr. Ng Hoi Yue *(Note i)*	–	18	–	–	–	–	–	–	–	18
Dr. Lui Ming Wah, PhD, SBS JP	210	200	–	–	–	–	–	–	210	200
Mr. Yang Zhen Han	210	200	–	–	–	–	–	–	210	200
Mr. Chung Koon Yan	210	200	–	–	–	–	–	–	210	200
Mr. Ho Wai Leung *(Note ii)*	–	73	–	–	–	–	–	–	–	73
	630	691	3,051	4,578	–	770	16	32	3,697	6,071

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2016: RMBNil).

Notes:

(i) Re-designated from an independent non-executive director to an executive director and was appointed as the Deputy Chief Executive Officer on 4 August 2015.

(ii) Resigned on 12 November 2015.

(iii) Retired on 12 November 2015.

(iv) Appointed on 24 November 2014 and retired on 12 November 2015.

(v) Appointed on 10 February 2017.

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the year included two (2016: four) directors, details of which are set out in note 13 above. The emoluments in respect of the remaining highest paid individuals are as follows:

	2017 *RMB'000*	2016 *RMB'000*
Salaries, wages and other benefits	**1,871**	847
Share-based payments	**–**	204
Retirement scheme contribution	**32**	15
	1,903	1,066

No emoluments were paid by the Group to the directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2016: RMBNil).

The number of three (2016: one) employees with the highest emoluments fell within the following band:

	2017	2016
HKDNil to HKD1,000,000	**2**	–
HKD1,000,001 to HKD1,500,000	**1**	1

15. LOSS PER SHARE

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

	2017 *RMB'000*	2016 *RMB'000*
Loss		
Loss attributable to owners of the Company used in basic and diluted loss per share calculation	**(28,466)**	(5,216,629)
Weighted average number of shares	***'000***	*'000*
Weighted average number of ordinary shares used in basic and diluted loss per share calculation	**1,249,638**	1,249,638

Note:

There were no adjustments for the effects of assumed on exercise of outstanding share options in the calculation of diluted loss per share as these potential ordinary shares had anti-dilutive effects.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Farmland infrastructure and machinery RMB'000	Total RMB'000
Cost							
At 1 July 2015	441,208	3,668	464,087	14,072	12,013	2,259,136	3,194,184
Additions	–	–	–	783	–	–	783
Deconsolidation of Deconsolidated Subsidiaries *(note 10(a))*	(441,208)	(3,668)	(464,087)	(12,563)	(9,108)	(2,259,136)	(3,189,770)
Disposals	–	–	–	(1,332)	–	–	(1,332)
Exchange alignment	–	–	–	–	15	–	15
At 30 June 2016	–	–	–	960	2,920	–	3,880
Additions	–	3,415	–	792	–	–	4,207
Exchange alignment	–	(36)	–	(7)	9	–	(34)
At 30 June 2017	–	3,379	–	1,745	2,929	–	8,053
Accumulated depreciation and impairment							
At 1 July 2015	79,062	1,351	112,127	9,966	8,258	729,914	940,678
Charge for the year	–	–	–	227	521	–	748
Deconsolidation of Deconsolidated Subsidiaries *(note 10(a))*	(79,062)	(1,351)	(112,127)	(8,814)	(7,523)	(729,914)	(938,791)
Written back on disposals	–	–	–	(1,135)	–	–	(1,135)
Exchange alignment	–	–	–	–	10	–	10
At 30 June 2016	–	–	–	244	1,266	–	1,510
Charge for the year	–	783	–	441	527	–	1,751
Exchange alignment	–	(8)	–	(2)	3	–	(7)
At 30 June 2017	–	775	–	683	1,796	–	3,254
Carrying amount							
At 30 June 2017	–	2,604	–	1,062	1,133	–	4,799
At 30 June 2016	–	–	–	716	1,654	–	2,370

17. LAND USE RIGHTS

	2017 RMB'000	2016 RMB'000
Cost		
At beginning of year	–	87,870
Deconsolidation of Deconsolidated Subsidiaries *(note 10(a))*	–	(87,870)
At end of year	–	–
Accumulated amortisation		
At beginning of year	–	13,245
Deconsolidation of Deconsolidated Subsidiaries *(note 10(a))*	–	(13,245)
At end of year	–	–
Carrying amount	–	–

Land use rights represented the rights to use certain pieces of land located in the PRC for a period of 50 years from respective dates of grant and would expire in the years from 2053 to 2062.

18. CONSTRUCTION-IN-PROGRESS

	2017 RMB'000	2016 RMB'000
At beginning of year	–	49,430
Deconsolidation of Deconsolidated Subsidiaries *(note 10(a))*	–	(49,430)
At end of year	–	–

19. BIOLOGICAL ASSETS

Biological assets in RMB are analysed as follows:

	Citrus			Other	
	Self-bred saplings RMB'000	Infant trees RMB'000	Citrus trees RMB'000	Banana trees RMB'000	Total RMB'000
At 1 July 2015	6,444	546,038	1,033,341	10,959	1,596,782
Deconsolidation of Deconsolidated Subsidiaries *(note 10(a))*	(6,444)	(546,038)	(1,033,341)	(10,959)	(1,596,782)
At 30 June 2016, 1 July 2016 and 30 June 2017	–	–	–	–	–

19. BIOLOGICAL ASSETS *(continued)*

The movements in biological assets in number of unit are summarised as follows:

	Citrus			Other
	Self-bred saplings *Number*	Infant trees *Number*	Citrus trees *Number*	Banana trees *Number*
At 1 July 2015	259,679	1,869,207	2,459,783	221,769
Deconsolidation of Deconsolidated Subsidiaries	(259,679)	(1,869,207)	(2,459,783)	(221,769)
At 30 June 2016, 1 July 2016 and 30 June 2017	–	–	–	–

The role of banana trees was to supply bananas through the processes of growth in their production cycle.

Self-bred saplings and infant trees were undergoing biological transformation leading to them being able to produce oranges and grapefruits. Once the self-bred saplings and infant trees became mature and productive, they would be transferred to the category of citrus trees. The role of citrus trees was to supply oranges through the processes of growth in each production cycle.

The land occupied by the Group for its plantation was leased from independent third parties, and had no commercial value.

20. INTANGIBLE ASSETS

	Capitalised development costs *RMB'000* *(Note)*	Trademark *RMB'000*	Total *RMB'000*
Cost			
At 1 July 2015	115,926	3	115,929
Deconsolidation of the Deconsolidated Subsidiaries *(note 10(a))*	(115,926)	(3)	(115,929)
At 30 June 2016, 1 July 2016 and 30 June 2017	**–**	**–**	**–**
Accumulated amortisation			
At 1 July 2015	64,835	3	64,838
Deconsolidation of the Deconsolidated Subsidiaries *(note 10(a))*	(64,835)	(3)	(64,838)
At 30 June 2016, 1 July 2016 and 30 June 2017	**–**	**–**	**–**
Carrying amount			
At 30 June 2017	**–**	**–**	**–**
At 30 June 2016	–	–	–

Note:

Capitalised development costs represented expenditure incurred in developing techniques relating to the cultivation of citrus trees and processing of fruits, which would increase the productivity of the relevant operations in the future periods.

21. DEPOSITS

On 1 July 2015, the deposits paid for acquisition of property, plant and equipment of approximately RMB11,012,000, 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.

22. GOODWILL

	RMB'000
Cost	
At 1 July 2015	1,157,261
Deconsolidation of Deconsolidated Subsidiaries	(1,157,261)
At 30 June 2016, 1 July 2016 and 30 June 2017	**–**
Accumulated impairment	
At 1 July 2015	(1,157,261)
Deconsolidation of Deconsolidated Subsidiaries	(1,157,261)
At 30 June 2016, 1 July 2016 and 30 June 2017	–
Carrying amount	
At 30 June 2017	**–**
At 30 June 2016	–

Note:

Goodwill arose from the acquisition of BPG Food & Beverage Holdings Ltd. and its subsidiaries (together the "**BPG Group**") in November 2010 and was accounted for in accordance with the Group's accounting policies as set out in note 4(d).

23. PREPAYMENT FOR ACQUISITION OF A SUBSIDIARY

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

Prior to the Agriculture Company Acquisition, the Agriculture Company entered into the Cooperation Agreement with Lucky Team Hepu on 1 December 2016 for a term of 30 years whereby the Agriculture Company would contribute fertilizers, pesticides and labour while Lucky Team Hepu would contribute the land, trees, machinery and the provision of technical support on cultivation and soil management. Under the Cooperation Agreement, the revenue generated from harvested oranges would be shared between the Agriculture Company and Lucky Team Hepu in the proportion of 90% and 10% respectively.

On 18 September 2017, the legal title of the equity interests of the Agriculture Company changed to the Company's wholly-owned subsidiary and the legal representative of the Agriculture Company also changed to the Company's nominated representative and both of the above were reflected on public records of the SAIC at Beihai City and Hepu County of the PRC after that date, even though the consideration of RMB100,000 was paid on 3 January 2017 and the remaining balance of RMB900,000 was settled on 18 May 2017 in accordance with the terms of agreement of the Agriculture Company Acquisition.

24. PROPERTIES FOR SALE

On 1 July 2015, the properties for sale 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.

25. INVENTORIES

	2017	2016
	RMB'000	*RMB'000*
Finished goods	**2,443**	–

On 1 July 2015, the inventories of approximately RMB106,033,000 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.

26. TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Other receivables, deposits and prepayments	**2,862**	1,560

On 1 July 2015, the trade and other receivables of approximately RMB194,535,000 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.

27. CASH AND CASH EQUIVALENTS

	2017	2016
	RMB'000	*RMB'000*
Bank deposits	–	33,560
Cash at bank and on hand	**16,545**	15,979
	16,545	49,539

On 1 July 2015, the cash and cash equivalents of approximately RMB864,883,000 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.

Included in the cash and cash equivalents of the Group as at 30 June 2017 is an amount of approximately RMB1,472,000 (2016: RMB3,464,000) denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. The Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Cash at bank earns interests at floating rates based on daily bank deposit rates. Bank deposits are made for terms ranging from one month to three months depending on the immediate cash requirements of the Group.

28. CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

	Share premium *RMB'000*	Share option reserve *RMB'000*	Retained profits/ (accumulated losses) *RMB'000*	Total *RMB'000*
At 1 July 2015	3,711,195	131,381	231,902	4,074,478
Loss and total comprehensive loss for the year	–	–	(4,082,613)	(4,082,613)
Share-based payments	–	10,706	–	10,706
Share options lapsed	–	(2,280)	2,280	–
Share options cancelled	–	(51,554)	51,554	–
At 30 June 2016 and 1 July 2016	3,711,195	88,253	(3,796,877)	2,571
Loss and total comprehensive loss for the year	–	–	(36,618)	(36,618)
Share options cancelled	–	(713)	713	–
At 30 June 2017	**3,711,195**	**87,540**	**(3,832,782)**	**(34,047)**

(b) Share capital

	Number of shares	*HKD'000*	*RMB'000*
Authorised:			
Ordinary shares of HKD0.01 each			
At 1 July 2015, 30 June 2016, 1 July 2016 and 30 June 2017	2,000,000,000	20,000	20,900
Issued and fully paid:			
At 1 July 2015, 30 June 2016, 1 July 2016 and 30 June 2017	1,249,637,884	12,496	12,340

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally in regard to the Company's residual assets.

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Dividends

No dividend has been paid or proposed by the Company during the year ended 30 June 2017 (2016: Nil).

(d) Capital management

The Group manages its capital to ensure that the Group has sufficient liquidity to support the operation and development while maximising the value of shareholders. The Group's overall strategy remains unchanged from the prior year.

The Group regards total equity presented on the face of the consolidated statement of financial position as capital for capital management purpose.

Management of the Group reviews its capital structure periodically by assessing budgets of major projects taking into account the provision of funding. The Group is not subject to externally imposed capital requirements.

29. SHARE-BAESD PAYMENTS

(A) Share Option Scheme

The Company adopted a share option scheme (the "**Share Option Scheme**") on 29 June 2005 for the purpose of providing incentives or rewards to directors and full-time employees of the Group. Under the Share Option Scheme, the directors of the Company may grant options to directors and full-time employees of the Group to subscribe for shares in the Company at a price equal to the higher of: (i) average middle-market quotations of the shares as stated in the AIM Daily Official List on the dealing day immediately preceding the date of grant of the options; or (ii) the average middle-market quotations of the shares as stated in the AIM Daily Official List for the three dealing days immediately preceding the date of grant of the options; or (iii) the nominal value of shares.

An option will not normally be exercisable before the expiry of one year from the date of grant of the option. The exercise period for the share options granted is determinable by the directors of the Company and should not expire later than 10 years from the date of grant. No consideration is payable by the grantee upon acceptance of the grant of an option under the Share Option Scheme.

With the listing of the Company's shares on the HKEx on 26 November 2009, the Share Option Scheme terminated. No further options may be granted under the Share Option Scheme after such termination. The provisions of the Share Option Scheme will continue to apply to options granted before such termination.

29. SHARE-BAESD PAYMENTS *(continued)*

(A) Share Option Scheme *(continued)*

(a) The terms and conditions of the grants are as follows:

	Number instruments	Vesting conditions	Contractual life of options	Expiry date
Options granted to directors:				
– on 3 August 2005	2,700,000	(i)	10 years	2 August 2015
– on 27 July 2006	4,700,000	(ii)	8 years	26 July 2014
– on 15 October 2008	5,100,000	(iii)	7 years	2 August 2015
Options granted to employees:				
– on 3 August 2005	8,850,000	(i)	10 years	2 August 2015
– on 27 July 2006	7,780,000	(ii)	8 years	26 July 2014
– on 14 September 2007	3,530,000	(iii)	8 years	2 August 2015
– on 15 October 2008	20,510,000	(iii)	7 years	2 August 2015
Total share options granted	53,170,000			

Notes:

(i) become exercisable annually at the rate of 10% over 10 years, subject to continuing employment.

(ii) become lapsed upon the expiry date on 26 July 2014.

(iii) become exercisable annually at the rate of 20% over 5 years, subject to continuing employment.

(b) Details of the outstanding share options are as follows:

	2017		2016	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of year	–	N/A	7,520,000	GBP0.141
Lapsed during the year	–	N/A	(7,520,000)	GBP0.141
Outstanding at end of year	–	N/A	–	N/A
Exercisable at end of year	–	N/A	–	N/A

The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 0 year (2016: 1 years) and exercise prices of GBPNil (2016: GBP0.112 to GBP0.2425).

(c) Fair value of share options

The fair value of services received in return for share options granted was measured by reference to the fair value of share options granted.

29. SHARE-BAESD PAYMENTS *(continued)*

(B) Post Listing Share Option Scheme

Pursuant to a resolution of the shareholders on 2 November 2009, a new share option scheme ("**Post Listing Share Option Scheme**") was adopted and will expire on the tenth anniversary of the date on which the Post Listing Share Option Scheme becomes unconditional upon fulfillment of certain conditions. The Post Listing Share Option Scheme has taken effect upon the commencement of dealings of the Company's shares on the HKEx on 26 November 2009. Under the Post Listing Share Option Scheme, the directors of the Company may grant options to the directors and full time employees of the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the development and growth of the Group to subscribe for shares in the Company at a price no less than the greatest of: (i) the closing price of the shares as stated in the daily quotations sheet issued by the HKEx on the date of grant, which must be a business day; or (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the HKEx for the five business days immediately preceding the date of grant; or (iii) the nominal value of the shares.

An option will not normally be exercisable before the expiry of one year from the date of grant of the option. The exercise period for the share options granted is determinable by the directors of the Company and should not expire later than 10 years from the date of grant. No consideration is payable by the grantee upon acceptance of the grant of option under the Post Listing Share Option Scheme.

The total number of share options of the Company granted and to be granted under the Post Listing Share Option Scheme and any other subsequent share option scheme of the Company must not, in aggregate, exceed 77,055,980 share options. The total number of share options available for grant as at 30 June 2017 is 55,980, representing 0.005% of the issued share capital.

(a) The terms and conditions of the grant are as follows:

	Number of instruments	Vesting conditions	Contractual life if options	Expiry date
Options granted to directors:				
– on 27 May 2010	10,750,000	(i)	8 years	26 May 2018
– on 21 May 2015	4,000,000	(ii)	4 years	20 May 2019
Options granted to employees:				
– on 27 May 2010	19,250,000	(iii)	8 years	26 May 2018
– on 28 February 2011	20,000,000	(iv)	8 years	27 February 2019
– on 21 May 2015	23,000,000	(ii)	4 years	20 May 2019
Total share options granted	77,000,000			

Notes:

(i) 30%, 30% and 40% of the options become exercisable after the first, second and third anniversary from the date of grant, respectively.

(ii) become fully exercisable after the first anniversary from the date of grant, subject to continuing employment.

(iii) 30%, 30% and 40% of the options become exercisable after the first, second and third anniversary from the date of grant, respectively, subject to continuing employment.

(iv) become exercisable annually at the rate of 20% over 5 years, subject to continuing employment.

29. SHARE-BAESD PAYMENTS *(continued)*

(B) Post Listing Share Option Scheme *(continued)*

(b) Details of the outstanding share options are as follows:

	2017		2016	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of year	46,134,000	HKD5.18	76,634,000	HKD4.55
Cancelled during the year	(600,000)	HKD3.58	(30,500,000)	HKD4.89
Outstanding at end of year	45,534,000	HKD5.20	46,134,000	HKD5.18
Exercisable at end of year	45,534,000	HKD5.20	46,134,000	HKD5.18

The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 1 year (2016: 2 years) and exercise prices were set at HKD1.47, HKD5.68 and HKD9.00 (2016: HKD1.47, HKD5.68 and HKD9.00).

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of fair value of the share options granted on 27 May 2010 is measured based on Black-Scholes Option Pricing Model, and the estimate of fair values of share options granted on 28 February 2011 and 21 May 2015 are measured based on the binominal model, taking into the account the terms and conditions upon which the options were granted.

The inputs into the model were as follows:

Grant Date	27 May 2010	28 February 2011	21 May 2015
Spot price	HKD5.50	HKD9.00	HKD1.47
Expected life (years)	4.5 to 5.5	8	4
Exercise price	HKD5.68	HKD9.00	HKD1.47
Expected volatility	45.88% to 47.19%	53%	49%
Risk-free interest rate	1.393% to 1.668%	2.511%	0.92%
Dividend yield	1.8%	2.7%	0%

29. SHARE-BAESD PAYMENTS *(continued)*

(B) Post Listing Share Option Scheme *(continued)*

(c) Fair value of share options and assumptions *(continued)*

In respect of the share options granted on 27 May 2010 and 28 February 2011, as the Company has a short history of volatility in the HKEx at the grant date, the expected volatility was based on the historical volatility of the Company's share price on AIM and it was assumed the volatility was constant throughout the option life.

In respect of the share options granted on 21 May 2015, the expected volatility was based on the historical volatility of the Company's share price on HKEx and it was assumed the volatility was constant throughout the option life.

During the year ended 30 June 2017, the Group recognised share-based payments expense of approximately RMB Nil in the consolidated statement of profit or loss for the share options granted to directors and employees on 3 August 2005, 28 February 2011 and 21 May 2015 respectively (2016: RMB10,706,000). Certain directors and employees ceased their employment with the Group during the year ended 30 June 2017, the share options previously granted to those directors and employees on 27 May 2010, 28 February 2011 and 21 May 2015 were cancelled accordingly. The resulting movement of approximately RMB713,000 has been recorded in the share options reserve in the consolidated statement of changes in equity for the year ended 30 June 2017 (2016: RMB51,554,000).

30. OBLIGATION UNDER FINANCE LEASES

On 1 July 2015, the obligation under finance leases of approximately RMB719,000 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.

31. TRADE AND OTHER PAYABLES

	2017 RMB'000	2016 RMB'000
Other payables and accruals	4,104	2,424
Amount due to the Deconsolidated Subsidiaries	237,514	237,514
	241,618	239,938

On 1 July 2015, the trade and other payables of approximately RMB136,310,000 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 balances of other payables and accruals are expected to be settled within one year or are repayable on demand.

32. COMMITMENTS

Operating lease commitments

At 30 June 2017, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**3,072**	1,860
After 1 year but within 5 years	**1,278**	2,015
After 5 years	**–**	–
	4,350	3,875

At 30 June 2017 and 2016, operating lease payments represent rental payable by the Group for office premise, with lease negotiated for initial term for three years. None of the lease includes contingent rentals.

33. RELATED PARTY TRANSACTIONS

(a) In addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following significant related party transactions during the year:

	2017	2016
	RMB'000	*RMB'000*
Operating lease expenses paid to:		
Alpha Best Limited *(note b)*	**–**	172
Pan Air and Sea Forwarders (HK) Limited *(note b)*	**–**	230
	–	402
Consultancy fee paid to:		
Mr. Tong Wang Chow *(note a)*	**–**	542
Mr. Cheung Wai Sun *(note c)*	**–**	217
Asia Link International (H.K.) Limited *(note d)*	**–**	600
	–	1,359
Salary paid to:		
Mr. Tong Mei Lin# *(note e)*	**–**	271

In respect of the benefits of share-based payments, Ms. Tong Mei Lin was entitled to an amount of RMBNil for the year (2016: RMB102,000).

In respect of the benefits of retirement scheme contribution, Ms. Tong Mei Lin was entitled to an amount of RMBNil for the year (2016: RMB13,000).

33. RELATED PARTY TRANSACTIONS *(continued)*

(a) In addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following significant related party transactions during the year: *(continued)*

Note:

(a) Mr. Tong Wang Chow resigned as an executive director of the Company on 3 March 2014. During the year ended 30 June 2016, he is still considered as a related party of the Group as he is the father of Mr. Tong Hung Wai, Tommy, who resigned as an executive director of the Company on 12 November 2015.

On 3 March 2014, the Company entered into a business consultant contract (the "**Business Consultant Contract**") with Mr. Tong Wang Chow for a term of three years from 3 March 2014 to 2 March 2017 (both days inclusive) whereby Mr. Tong Wang Chow agreed to provide advisory services to the Group taking into account his knowledge and experience in the field of the plantation and food industry and his knowledge on the Group's business and affairs. Mr. Tong Wang Chow would be entitled to an annual consultancy fee of HK$1,950,000 payable on a monthly basis. Details of which were set out in the Company's announcement dated 3 March 2014.

The Company and Mr. Tong Wang Chow mutually agreed to early terminate the Business Consultant Contract entered into between himself and the Company on 30 October 2015. Details of which were set out in the Company's announcement dated 30 October 2015.

(b) Alpha Best Limited and Pan Air and Sea Forwarders (HK) Limited are related to the Group by virtue of Mr. Tong Wang Chow's interest in these two companies.

The tenancy agreements between the Group with Alpha Best Limited and Pan Air and Sea Forwarders (HK) Limited were terminated on 8 January 2016.

(c) Mr. Cheung Wai Sun retired as an executive director of the Company on 12 November 2015.

(d) Mr. Tong Hung Wai, Tommy is a director of Asia Link International (H.K.) Limited. He resigned as an executive director of the Company on 12 November 2015.

(e) Ms. Tong Mei Lin is the daughter of Mr. Tong Wang Chow.

(b) Balances with related parties

Details of the balances with the Deconsolidated Subsidiaries at the end of reporting period are set out in note 31.

(c) Compensation of key management personnel

	2017 ***RMB'000***	2016 *RMB'000*
Short-term employee benefits	**3,681**	5,269
Share-based payments	**–**	770
Contributions to defined contribution retirement plans	**16**	32
	3,697	6,071

Total remuneration is included in "staff costs" (see note 11(a)).

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 RMB'000	2016 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,357	1,980
Interests in subsidiaries *(Note)*	1,000	–
	2,357	1,980
Current assets		
Other receivables	869	1,559
Cash and cash equivalents	13,018	48,396
	13,887	49,955
Total assets	16,244	51,935
EQUITY AND LIABILITIES		
Equity		
Share capital	12,340	12,340
Reserves	(34,047)	2,571
	(21,707)	14,911
Current liabilities		
Other payables	3,411	2,270
Amount due to the Deconsolidated Subsidiaries	31,072	31,072
Amount due to a subsidiary	3,468	3,682
	37,951	37,024
Total equity and liabilities	16,244	51,935
Net current (liabilities)/assets	(24,064)	12,931
Total assets less current liabilities	(21,707)	14,911

Note:

Included in interests in subsidiaries as at 30 June 2017 were gross carrying amounts of approximately RMB4,064,410,000 (2016: RMB4,049,373,000) of investments in wholly-owned subsidiaries directly held by the Company. The accumulated impairments of interests in subsidiaries were approximately RMB4,063,410,000 (2016: RMB4,049,373,000) as at 30 June 2017.

35. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the financial reporting period, the Company made the following announcements to provide update of events and circumstances arising after 30 June 2017:

(a) The 31 July 2017 announcement

The Company continued to take relevant legal procedures in the PRC seeking to change the relevant senior management members of relevant subsidiaries and to enforce information rights as shareholder of relevant PRC subsidiaries.

(b) The 31 August 2017 announcement

The Board was taking the necessary steps in order to allow the auditors to carry out the additional audit procedures as set out in the Company's announcement dated 29 September 2016. However, given this is not expected to be completed within 2017, the board of directors of the Company would nevertheless like to keep the Company's shareholders informed to the extent possible and in order to give a responsible picture of the Group's operating status, it had been progressing the audit of those Group members referred to above.

(c) The 1 September 2017 announcement

The Board would like to clarify that resumption of trading in the shares are subject to the fulfillment of the resumption conditions as set out in the Company's announcement dated 27 January 2017, namely: (i) publish all outstanding financial results under the Hong Kong Listing Rules and address any audit qualifications; (ii) clarify, address and take appropriate actions on the Allegations; and (iii) inform the market of all material information for the shareholders and the investors to appraise the Company's position. The Company is also required to comply with the Hong Kong Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption. The HKEx stated that it may modify any of the above conditions and/or impose further conditions if the situation changes.

(d) The 29 September 2017 announcement

On 15 March 2017 and 27 March 2017, the Company announced that it had initiated legal procedures to change certain senior management members of its relevant subsidiaries in the PRC. Those subsidiaries represent the two business segments of the Group, namely the agricultural produce business (which involves the planting, cultivation and sale of agricultural produce) ("**Plantation Operations**") and the processed fruit business (which involves the manufacture and sale of fruit juice concentrates, purees and frozen fruit and vegetables) ("**Processed Fruit Operations**"). The Company was advised by its PRC legal advisers that the proper legal procedures had to effect changes would take 12 months or more.

The legal representative of Lucky Team Hepu that was the main subsidiary of the Company engaged in the Plantation Operations had recently passed away in August 2017. In view of such development, following consultation with its PRC legal advisers, the Company had submitted applications to effect the appointment of a replacement legal representative of Lucky Team Hepu and its directors which, based on enquiries made with the local authorities and barring unforeseen circumstances, is expected to be completed within October 2017.

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(d) The 29 September 2017 announcement *(continued)*

Upon completion of the procedures above, the Company had been advised that the new appointees to Lucky Team Hepu could properly re-enter and take physical possession of the registered office of Lucky Team Hepu, including the land and buildings occupied by it and thereafter, made inventory of assets, books and records being held on site.

References were made to the Company's announcements dated 23 December 2016 and 30 June 2017 in relation to the major transaction in the proposed acquisition of 100% of Eagleton Global Investments Limited and the related placement of shares, which long stop dated extended to 30 September 2017.

As at 29 September 2017, not all the conditions precedent had been satisfied or waived (where applicable), and the parties to the sale and purchase agreement and the related placement agreement had not reached any agreement to further extend the long stop dates of the respective agreements. Accordingly such agreements were lapse and would have no further effect after 30 September 2017.

(e) The 31 October 2017 announcement

As disclosed in the Company's announcement dated 29 September 2017, due to the demise of the then legal representative of Lucky Team Hepu, one of the major operating subsidiaries of the Company in the PRC, in August 2017, the Company had, as advised by its PRC legal advisers, filed applications in the PRC in order to effect the appointment of the replacement legal representative and directors of Lucky Team Hepu.

As of 31 October 2017, among others, (i) the Company had already obtained a copy of the business licence of Lucky Team Hepu re-issued by the SAIC at Beihai City and Hepu County of the PRC; (ii) the directors of the Company changed the legal representative, board of directors and supervisor of Lucky Team Hepu to the Company's nominated representatives had all taken effect on 28 September 2017 and reflected on public records of the SAIC of Beihai City and Hepu County of the PRC; and (iii) the Company had occupied and taken the control over the premises of Lucky Team Hepu and made an inventory of assets, books and records being located in the office of Lucky Team Hepu.

The Company would continue to implement legal procedures in order to change the senior management members of the other relevant PRC subsidiaries of the Company and enforce its information rights as shareholder of the relevant PRC subsidiaries.

(f) The 30 November 2017 announcement

As disclosed in the Company's announcement dated 31 October 2017, the Company had successfully resumed legal control over Lucky Team Hepu and entered into the premises of Lucky Team Hepu to take possession and physical control of the land and buildings occupied by Lucky Team Hepu and the assets, books and records found thereat.

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(f) The 30 November 2017 announcement *(continued)*

Subsequent to the taking control of Lucky Team Hepu, the Company had conducted various preliminary on-site stocktake of the assets and records found at the plantation site in Hepu County of the PRC and the premises occupied by Lucky Team Hepu, including without limitation, property, plant and equipment, orange trees, inventories, contracts and records. The Company had also been interviewing and discussing with workers at the plantation site in Hepu County of the PRC of Lucky Team Hepu and the employment status of the workers. In addition, the Company had been discussing with various professionals in relation to potential valuation and audit work in respect of Lucky Team Hepu and/or its property, plant and equipment and orange trees.

In respect of the PRC legal proceedings against certain subsidiaries of the Company as disclosed in its announcement dated 30 June 2017, the Group received a PRC court order on 20 November 2017 ("**TPG Order**") made in its favor and against Tianyang Perfuming Garden, a PRC subsidiary of the Company which the Group had instituted legal proceedings to enforce its information rights as shareholder. Pursuant to the TPG Order, amongst others, Tianyang Perfuming Garden shall, within fifteen days of the TPG Order Effective Date (as defined below), produce (i) for inspection and photocopying (for a period not more than 30 days) certain of its corporate records, including memorandum and articles of association and any amendments thereto, resolutions of the board of directors or any supervisory committee and financial reports; and (ii) for inspection only (for a period not more than 30 days) certain of its accounting books and records, ledgers, contracts, invoices, bank confirmations as at 30 June 2015, 30 June 2016, 31 December 2016 and 30 June 2017 and latest company credit status report.

The effective date of the TPG Order was the date when the 30 days' period to appeal had lapsed since the date of receipt of the TPG Order by the last party.

(g) The 28 December 2017 announcement

Subsequent to the taking control of Lucky Team Hepu, the Company had performed the following work in respect of the stocktake of the total assets and collation of the books and records of Lucky Team Hepu:

1) The Company had introduced the newly appointed legal representative and directors of Lucky Team Hepu to the staff of Lucky Team Hepu. As the Company had the intention to transfer certain employees of Lucky Team Hepu to the Agriculture Company so that they can assist with the management of the orange trees operated by the Agriculture Company, the management of Lucky Team Hepu has conducted interviews with the staff which also assists the Lucky Team Hepu management to better understand the existing business operations of Lucky Team Hepu.

2) The Company had collated the documents found on-site at the office premises of Lucky Team Hepu and discovered that (i) there were no records of accounts, ledgers, books and/or certificates for the financial years 2015 and 2016; (ii) there were records of vouchers, bank records, bank statements and tax submission records for the period from January 2017 to September 2017 which had not been compiled in order, and the Company was in the process of re-compiling them to the extent possible. The Company had also found the original land use and building ownership related certificates, photo-copies of land contracts, original co-operation agreements and employment contracts relating to Lucky Team Hepu.

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(g) The 28 December 2017 announcement *(continued)*

3) The Company had performed physical inspection of the orange trees at the plantation site in Hepu County of the PRC and formed a view that the plantation site in Hepu County of the PRC had approximately 512,500 orange trees which occupied a total area of approximately 22,000 mu.

4) The Company had performed a physical count of the property, plant and equipment onsite, including without limitation, the buildings, farmland infrastructure and machinery and fixtures onsite at the office premises of Lucky Team Hepu and the plantation site in Hepu County of the PRC and observed that, among others, the buildings and machinery were in good condition, and some of the plant and equipment were aged and might need to be overhauled or disposed of.

5) The Company had performed a physical count of inventory, including without limitation, the fertilizers and metal hardware at the plantation site in Hepu County of the PRC and the value of the inventories would be calculated according to the relevant unit price by reference to Lucky Team Hepu's accounting records.

6) The Company had initiated discussions with a valuer in relation to the valuation of the property, plant and equipment, orange trees and agricultural produces for the purpose of preparing the accounts of Lucky Team Hepu and had arranged the Company's PRC accountants to conduct a site visit at the premises of Lucky Team Hepu and the Company's PRC accountants have performed a preliminary inspection of the available accounting documents and existing fixed assets. Based on the report of the Company's PRC accountants, given the unavailability of the records of accounts, ledgers, books or certificates in respect of Lucky Team Hepu for the financial years ended 30 June 2015 and 2016 and the six months ended 31 December 2016 as at the date of this announcement, the Company's PRC accountants advised that the Company should prepare the books and records and the financial statements of Lucky Team Hepu based on such accounts and records for the period between January 2017 to September 2017 which were the records currently available to the Company, and should make adjustments to the value of assets in accordance with the PRC accounting practice by recognising the shortfall as loss or impairment.

In respect of the TPG Order ruled against Tianyang Perfuming Garden as disclosed in the Company's announcement dated 30 November 2017, the Company was made aware of the request for appeal of the TPG Order from Tianyang Perfuming Garden on 18 December 2017. The Company continues to progress the relevant legal procedures in preparation for formal court proceedings for the appeal.

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(h) The 31 January 2018 announcement

(1) Shareholders dispute relating to Beihai Perfuming Garden

Reference was made to the Company's announcement dated 30 June 2017 whereby the Company was made aware in June 2017 that legal proceedings against Chance Lead had been commenced by a Mr. Man alleging that Mr. Man had the right to require Chance Lead to transfer its 46.14% equity interest in Beihai Perfuming Garden, a subsidiary of Chance Lead, to him pursuant to certain contractual arrangements alleged to have been executed by Chance Lead, Mr. Man and the original shareholders of Beihai Perfuming Garden in February 2010 ("**BPG Shareholders Dispute**").

On or about 30 January 2018, the Group received three writs of summon issued by Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) on 10 January 2018 against (1) the Company, (2) BPG Food & Beverage Holdings Ltd. (果香園食品控股有限公司) and (3) Wealth Elite Investments Limited (鑫卓投資有限公司) requiring each to, among others, attend a court hearing scheduled on 13 March 2018 in respect of the BPG Shareholders Dispute.

(2) Legal proceedings on the rights of information relating to Beihai Perfuming Garden

As stated in an announcement of the Company dated 30 June 2017, the relevant PRC court had on 26 June 2017 formally accepted the Group's application to commence formal legal proceedings to enforce its information rights as shareholder of Beihai Perfuming Garden.

On 18 January 2018, the Group had received a court order ("**BPG Order**") made by Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) of the PRC made in favor of the Group and against Beihai Perfuming Garden. Pursuant to the BPG Order, amongst others, Beihai Perfuming Garden shall, within thirty days of the effective date of the BPG Order, produce the following to the Group and its legal advisers:

(i) for inspection and photocopying (at the domicile of Beihai Perfuming Garden) its memorandum and articles of association and any amendments thereto, resolutions of the board of directors or any supervisory committee, financial reports for a period prescribed in the BPG Order;

(ii) for inspection only (at the domicile of Beihai Perfuming Garden) all of its accounting books and records (including general ledgers, detailed ledgers, daily ledgers and other supplemental ledgers) and accounting vouchers (including bookkeeping vouchers, related original vouchers and relevant information in respect of the source documents for entry bookkeeping) for a period prescribed in the BPG Order; and

(iii) for inspection only (at the domicile of Beihai Perfuming Garden) all of its original bank account transaction statements, bank confirmations as at 30 June 2015 and 30 June 2016, 31 December 2016 and 30 June 2017, the latest company credit status report, all documents related to the sales and merchandise transactions (including all types of contract, invoices, delivery acknowledgement receipts and receipts) for a period prescribed in the BPG Order.

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(h) The 31 January 2018 announcement *(continued)*

(3) Legal proceedings on the rights of information relating to Tianyang Perfuming Garden

References were made to the Company's announcements dated 30 November 2017 and 28 December 2017 in respect of the PRC court order made in favor of the Group and against Tianyang Perfuming Garden in respect of the information rights proceedings relating to Tianyang Perfuming Garden and the request for appeal against such court order. On 24 January 2018 the Company was made aware of an appeal hearing scheduled on 5 February 2018. The Company will continue to monitor the progress of the relevant legal procedures.

(4) Dispute on construction works relating to Tianyang Perfuming Garden

The Group was informed by the senior management of Tianyang Perfuming Garden in May 2017 that Tianyang Perfuming Garden was involved in certain court proceedings in the PRC in which it was alleged to have defaulted in the payment of approximately RMB3,717,000 for certain construction works and overdue interests of approximately RMB340,000. Prior to May 2017, the Group was not made aware of any reports in respect of this court proceeding and had since taken actions to request for the inspection of the accounting books and records of Tianyang Perfuming Garden in order to better understand its operations. Such requests were rejected.

Subsequently, the Group was informed that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) had issued a judgment ordering Tianyang Perfuming Garden to pay damages and interests to the claimant and had further issued a notice on 12 January 2018 in respect of execution of the order. The Company's PRC legal advisers advised the Group that upon issue of such notice, the court will initiate the process of seizure of the funds and assets of Tianyang Perfuming Garden and proceed with any other necessary recovery actions.

(i) The 28 February 2018 announcement

Legal proceedings on the rights of information relating to Beihai Perfuming Garden

As disclosed in the announcement of the Company dated 31 January 2018, under the BPG Order, Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) of the PRC has rejected amongst others, the Group's request for the production of certain accounting records of Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司) and Beihai Super Fruit Co., Ltd.* (北海盛果商貿有限公司) (the subsidiaries of Beihai Perfuming Garden) for the Group's inspection and photocopying ("**Rulings**"). In early February 2018, the Group lodged a request for appeal of the Rulings. Subsequently, the Group was made aware that the matter will be transferred to Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) for the processing of the appeal. The Company will continue to progress the relevant legal procedures in preparation for formal court proceedings for the appeal.

* *For identification purposes only*

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(i) The 28 February 2018 announcement *(continued)*

Dispute on construction works relating to Tianyang Perfuming Garden

In addition to the judgment issued by Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) against Tianyang Perfuming Garden as disclosed in the announcement of the Company dated 31 January 2018 ("**First TPG Judgment**"), the Company was made aware by the senior management of Tianyang Perfuming Garden in late February 2018 that Tianyang Perfuming Garden had been served with a service of proceeding from Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) whereby the same claimant under the First TPG Judgment has commenced a legal proceeding against Tianyang Perfuming Garden alleging that it had defaulted in the payment of approximately RMB836,000 together with interests for the same construction work. The Company was further made aware by the senior management of Tianyang Perfuming Garden that a hearing requiring the attendance of Tianyang Perfuming Garden is scheduled in late March 2018.

(j) The 26 March 2018 announcement

References were made to the Company's announcements dated 30 June 2017 and 31 January 2018 as regards the BPG Shareholders Dispute which involves a subsidiary of the Company, Mr. Man and Beihai Perfuming Garden. On 13 March 2018, representatives of the Group had attended a court hearing at Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) whereby parties' submissions regarding verification of evidence were heard. The court has yet to come to a conclusion as at the date of this report.

(k) The 30 April 2018 announcement

Legal proceedings on the rights of information relating to Tianyang Perfuming Garden

References were made to the Company's announcements dated 30 November 2017, 28 December 2017 and 31 January 2018 in respect of the PRC court order made in favor of the Group and against Tianyang Perfuming Garden in respect of the information rights proceedings relating to Tianyang Perfuming Garden and Tianyang Perfuming Garden's request for appeal against the TPG Order (the "**Appeal**"). On 19 April 2018, the PRC legal advisers of the Company received a judgment in respect of the Appeal delivered by Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) which stated that the court had (1) upheld the TPG Order, and (2) the judgement should be final and conclusive.

Legal proceedings on the rights of information relating to Beihai Perfuming Garden

References were made to the Company's announcements dated 31 January 2018 and 28 February 2018 in respect of the BPG Order, the Rulings and the Group's appeal of the Rulings. On 27 April 2018, the Company was made aware of an appeal hearing scheduled to take place on 16 May 2018.

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(l) The 31 May 2018 announcement

Contractual dispute relating to Tianyang Perfuming Garden

As disclosed in the announcement of the Company dated 28 February 2018, Tianyang Perfuming Garden was subject to a legal proceeding which it was alleged to have defaulted in the payment of approximately RMB836,000 together with interests for certain construction works. The Company had been recently made aware by the senior management of Tianyang Perfuming Garden that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) has issued an order ordering Tianyang Perfuming Garden to make a payment in the amount of approximately RMB669,000 (together with interests) to the claimant. The aforesaid order remains subject to any requests for appeal by either party within the prescribed time limit.

(m) The 29 June 2018 announcement

Contractual dispute relating to Tianyang Perfuming Garden

As disclosed in the announcement of the Company dated 31 January 2018, the Company was informed that Guangxi Zhuang Autonomous Region Tianyang County People's Court (廣西壯族自治區田陽縣人民法院) had issued a judgment ordering Tianyang Perfuming Garden to pay damages in the amount of approximately RMB3,717,000 (together with interests) to the claimant ("**First TPG Jugdment**") and that the Company's PRC legal advisers advised the Group that the court would initiate the process of seizure of funds and assets of Tianyang Perfuming Garden and proceed with any other necessary recovery actions. The Company was recently made aware by the senior management of Tianyang Perfuming Garden that the relevant court has issued judgments ordering the freezing of a bank account held by Tianyang Perfuming Garden in respect of the First TPG Judgment, and the inclusion of Tianyang Perfuming Garden in the List of Dishonest Persons subject to Enforcement. The Company will continue to monitor the progress of the relevant legal procedure as reported to it by the senior management of Tianyang Perfuming Garden and make further announcement to inform its shareholders of any material developments of this case as and when appropriate.

Information rights proceedings relating to Beihai Perfuming Garden

Reference is made to the Company's announcements dated 31 January 2018, 28 February 2018 and 30 April 2018 in respect of the BPG Order, the Rulings and the Group's appeal of the Rulings ("**BPG Information Right Appeal**"). After the appeal hearing which had taken place in May 2018, on 29 June 2018, the PRC legal advisers of the Company received a judgment in respect of the BPG Information Right Appeal delivered by Guangxi Zhuang Autonomous Region Higher People's Court (廣西壯族自治區高級人民法院) which stated that the court has (1) upheld the BPG Order, and (2) the judgement shall be final and conclusive.

In addition to the above, the following significant event occurred after 30 June 2017.

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(n) Acquisition of the Agriculture Company

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

Prior to the Agriculture Company Acquisition, the Agriculture Company entered into the Cooperation Agreement with Lucky Team Hepu on 1 December 2016 for a term of 30 years that the Agriculture Company would contribute fertilizers, pesticides and labour while Lucky Team Hepu would contribute the land, trees, machinery and the provision of technical support on cultivation and soil management. Under the Cooperation Agreement, the revenue generated from harvested oranges would be shared between the Agriculture Company and Lucky Team Hepu in the proportion of 90% and 10% respectively.

On 3 January 2017, consideration of RMB100,000 was paid and the remaining balance of RMB900,000 was settled on 18 May 2017 in accordance with the terms of agreement of the Agriculture Company Acquisition. On 18 September 2017, the legal title of the equity interests of the Agriculture Company changed to the Company's wholly-owned subsidiary and the legal representative of the Agriculture Company also changed to the Company's nominated representative and both of the above were reflected on public records of the SAIC of Beihai City and Hepu County of the PRC; and the directors of the Company are of the opinion that the Agriculture Company Acquisition was completed on the same date (the "**Acquisition Date**").

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

	RMB'000
Inventories	4,858
Amount due from Lucky Team Hepu *(Note)*	4,574
Cash and cash equivalents	17,158
Trade and other payables	(3,722)
Net assets acquired	22,868
Gain on bargin purchase:	
Consideration transferred	1,000
Less: Provisional value of identifiable net assets acquired	(22,868)
Provisional gain on bargain purchase	(21,868)

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(n) Acquisition of the Agriculture Company *(continued)*

Note:

The amount would be eliminated on consolidation when preparing the consolidated financial statements of the Group for the year ended 30 June 2018.

Upon the completion of the accounting for the Agriculture Company Acquisition, the gain on bargain purchase, if any, will be recognised in the Group's consolidated statement of profit or loss for the year ended 30 June 2018.

As at the date of approval for issuance of the consolidated financial statements, the initial accounting for the Agriculture Company Acquisition has not been completed and hence disclosures concerning transactions that are recognised separately from the acquisition of assets and assumption of liabilities in the business combination could not be disclosed.

(o) Re-consolidation of a deconsolidated subsidiary

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

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

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

* *For identification purposes only*

35. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(o) Re-consolidation of a deconsolidated subsidiary *(continued)*

The provisional value of the identifiable assets and liabilities resumed are as follows:

	RMB'000
Property, plant and equipment	
– Bearer plants	52,950
– Others	49,725
Amount due from the Company *(Note)*	31,072
Cash and bank balances	4,109
Amount due to the Agriculture Company *(Note)*	(4,574)
Amounts due to the Deconsolidated Subsidiaries	(365,000)
Net liabilities resumed	(231,718)

Note:

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

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

	Year ended 30 June				
	2017	2016	2015	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Revenue	**–**	–	962,727	1,271,171	1,485,912
Net loss on change in fair value of biological assets	**–**	–	(242,833)	(923,857)	(260,468)
(Loss)/profit before income tax	**(28,466)**	(5,216,629)	(1,223,999)	(1,836,446)	124,662
Income tax credit	**–**	–	–	–	–
(Loss)/profit for the year	**(28,466)**	(5,216,629)	(1,222,371)	(1,839,179)	114,395

	As at 30 June				
	2017	2016	2015	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets	**5,799**	2,370	3,772,146	4,223,305	5,841,050
Property, plant and equipment	**4,799**	2,370	2,253,506	2,305,246	1,989,625
Biological assets	**–**	–	1,332,482	1,406,801	2,168,501
Current assets	**21,850**	51,099	1,502,511	2,232,272	2,467,744
Total assets	**27,649**	53,469	5,274,657	6,455,577	8,308,794
Non-current liabilities	**–**	–	596	719	832
Current liabilities	**241,618**	239,938	138,699	102,200	104,495
Capital and reserves	**(213,969)**	(186,469)	5,135,362	6,352,658	8,203,467

COMPANY INFORMATION

DIRECTORS

Executive Directors
Mr. NG Ong Nee *(Chairman and Chief Executive Officer)*
Mr. NG Hoi Yue *(Deputy Chief Executive Officer)*

Non-executive Director
Mr. HE Xiaohong

Independent Non-executive Directors
Mr. CHUNG Koon Yan
Dr. LUI Ming Wah, PhD, SBS JP
Mr. YANG Zhen Han

COMPANY SECRETARY

Miss NG Ling Ling

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