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

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

ANNUAL REPORT 2018/19

* For identification purposes only

CONTENTS

Financial Highlights	2
Chairman's Statement	3
Management Discussion & Analysis	5
Directors and Senior Management Profile	14
Directors' Report	16
Corporate Governance Report	24
Environmental, Social and Governance Report	33
Independent Auditors' Report	47
Consolidated Statement of Profit or Loss	65
Consolidated Statement of Profit or Loss and Other Comprehensive Income	66
Consolidated Statement of Financial Position	67
Consolidated Statement of Changes in Equity	69
Consolidated Statement of Cash Flows	71
Notes to the Consolidated Financial Statements	72
Five Year Financial Summary	135
Company Information	136

This annual report is printed on environmental friendly paper

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

	For the year ended 30 June		
	2019 *(RMB Million)*	2018 *(RMB Million)*	% change
Reported financial information			
Revenue	**52.8**	54.2	-2.6
Other income	**8.6**	3.5	145.7
EBITDA	**552.0**	-210.0	362.9
Profit/(loss) before tax	**541.6**	-221.8	344.2
Profit/(loss) attributable to shareholders	**541.6**	-221.8	344.2
Basic earnings/(loss) per share (RMB)	**0.433**	-0.177	344.6
FINANCIAL POSITION			
Total assets	**119.7**	167.0	
Net current assets/(liabilities)	**22.9**	-530.1	
Cash and cash equivalents	**18.3**	54.7	
Shareholders' fund	**105.4**	-433.3	
Current ratio (x)	**2.60**	0.12	

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I wish to report on the latest development, progress and the annual results of the Group for the year ended 30 June 2019 to the shareholders of the Company.

BUSINESS REVIEW

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

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

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

PROSPECT

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

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

CHAIRMAN'S STATEMENT

APPRECIATION

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

Ng Ong Nee
Chairman

30 August 2019

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

During the year ended 30 June 2019, the principal business activities of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") include the Plantation Operation and the Fruit Distribution Operation.

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

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

FINANCIAL REVIEW

Revenue

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

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

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

* *For identification purposes only*

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

Other Income

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

Gain on bargain purchase

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

Gain arising from disposal of subsidiaries

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

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

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

Other general and administrative expenses

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

Distribution and other operating expenses

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

Loss from operation and profit attributable to shareholders for the year

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

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

DIVIDEND

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

CAPITAL

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

LIQUIDITY, FINANCE RESOURCES AND FINANCIAL RATIOS

Liquidity

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

Gearing ratio and debt ratio

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

Funding and treasury policy

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

Internal cash resource

The Group's funding resource comprises internal cash and cash equivalents. The Group did not have any outstanding borrowings as at 30 June 2019.

Charge on assets

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

Capital commitments

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

Foreign exchange risk

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

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

EMPLOYEES OF THE GROUP

The Group has adopted a competitive remuneration package which is targeted to attract, retain and motivate high calibre individuals. Remuneration packages are primarily performance-linked while business performance, market practices and competitive market conditions are also taken into consideration in calculating remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as discretionary bonuses, mandatory provident fund contributions and share options.

As at 30 June 2019, the total headcount of the Group was 40 (2018: 93, excluding the employees of the deconsolidated Affected PRC Subsidiaries).

CONTINGENT LIABILITIES

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

OTHER SIGNIFICANT EVENTS

(1) The First Disposal

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

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

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

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

(2) Hepu Restructuring and the Last Disposal

Hepu Restructuring

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

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

The Last Disposal

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

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

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

(3) Suspension of Trading on the HKEx

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

* *For identification purposes only*

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

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

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

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

CONDITIONS FOR RESUMPTION OF TRADING OF SHARES OF THE COMPANY

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

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

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

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

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

TRANSITIONAL ARRANGEMENTS FOR THE AMENDMENTS TO THE DELISTING FRAMEWORKS

It was noted that the amendments to the delisting framework under the Listing Rules (the "**Amended Hong Kong Delisting Rules**") came into effect on 1 August 2018 (the "**Effective Date**"). Under the Amended Hong Kong Delisting Rules, as the Shares had been suspended from trading for more than 12 months as at the Effective Date, the HKEx may, under Rule 6.01A(2)(b)(ii) of the Amended Hong Kong Delisting Rules, cancel the Company's listing if trading in the Shares remain suspended for 12 continuous months from the Effective Date. Details of the amendments were disclosed in the Company's report dated 27 July 2018. The 12-month period has expired on 31 July 2019. As at the date of this annual report, the Company has made rounds of submissions to the HKEx demonstrating its fulfillment of the resumption conditions. If the HKEx is not satisfied that the Company has fulfilled the resumption conditions, the HKEx may proceed with the cancellation procedures of the Company's listing.

* *For identification purposes only*

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

References are made to (i) the announcements of the Company dated 30 June 2017, 30 November 2017, 28 December 2017, 31 January 2018, 28 February 2018, 26 March 2018, 30 April 2018, 31 May 2018, 29 June 2018, 15 January 2019 and 4 April 2019, in relation to, among others, the suspension of trading in the Shares and updates on legal procedures in respect of certain Affected PRC Subsidiaries; (ii) the announcements dated 1 August 2018, 1 November 2018, 1 February 2019, 2 May 2019 and 2 August 2019 published by the Company in compliance with Rule 13.24A of the Listing Rules; (iii) the announcements of the Company dated 26 March 2019 and 30 July 2019 in relation to, among others, the update on progress of the independent investigation in relation to the Allegations; (iv) the announcements of the Company dated 21 January 2019, 13 March 2019, 27 March 2019, 9 May 2019 and the circular of the Company dated 16 April 2019, in relation to, among others, the First Disposal; (v) the announcement of the Company dated 3 June 2019 in relation to the Last Disposal; and (vi) the announcements of the Company dated 27 January 2017 and 6 September 2018 in relation to, among others, the conditions for resumption of trading of the Shares imposed on the Company by the HKEx (collectively, the "**Announcements**").

Condition A – Audit qualifications

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

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

(a) the Disclaimer Opinions concerning (i) events after the reporting period and (ii) going concern basis of accounting have been removed for the year ended 30 June 2019 and as disclosed in the Announcements, there will be an additional disclaimer of opinion on the gain on disposal of the subsidiaries for the year ended 30 June 2019 ("**Gain Disclaimer Opinion**"). Please refer to pages 47 to 64 of this annual report for the disclaimer of opinions for the year ended 30 June 2019;

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

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

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

Condition B – Allegations

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

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

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

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

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

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

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

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

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

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

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

* *For identification purposes only*

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

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

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

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

Condition C – Business operations of the Group

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

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

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

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

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

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

CONTINUED SUSPENSION OF TRADING OF SHARES

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

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

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

Mr. Ng Ong Nee, aged 66, joined the board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**") 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 from 2007 to 2012. He was also a president of the Shenzhen-Hong Kong Business Association from 2006 to 2009.

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

Mr. Ng Hoi Yue, aged 55, 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 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 Emperor Culture Group Limited (stock code: 491), the shares of which are listed on the Main Board of the HKEx, from 16 May 2002 to 13 November 2018.

NON-EXECUTIVE DIRECTOR

Mr. He Xiaohong, aged 44, 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 (the "**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 55, 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 Synergy Group Holdings International Limited (stock code: 1539), the shares of which are listed on the Main Board of the HKEx, Great World Company Holdings Limited (stock code: 8003) and Winson Holdings Hong Kong Limited (stock code: 8421), the shares of which are listed on the 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

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 81, 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 is a fellow of The Hong Kong Institute of Directors. 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 of the HKEx, including AV Concept Holdings Limited (stock code: 595), Gold Peak Industries (Holdings) Limited (stock code: 40) and L.K. Technology Holdings Limited (stock code: 558). He was an independent non-executive director of S.A.S. Dragon Holdings Limited (stock code: 1184), the shares of which are listed on the Main Board of the HKEx, from 1994 to 5 June 2018.

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

Mr. Yang Zhen Han, aged 87, 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 47, 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.

DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**") is 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**") for the year ended 30 June 2019 (the "**Consolidated Financial Statements**") and the independent auditors' report thereon.

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, which are carried on by certain subsidiaries in the People's Republic of China ("**PRC**").

BUSINESS REVIEW

A review of the Group's financial performance, business activities and development is included in the Chairman's Statement and the Management Discussion and Analysis on pages 3 to 13 of this annual report.

RESULTS

The profit attributable to shareholders of the Company for the year is set out in the Consolidated Statement of Profit or Loss on page 65 of this annual report.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2019 (2018: 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 135 of this annual report.

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 69 of this annual report and Note 22(a) to the Consolidated Financial Statements respectively. As at 30 June 2019, no reserves of the Company were available for distribution (2018: 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 2019.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 22(b) to the Consolidated Financial Statements.

DIRECTORS

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

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

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 Hoi Yue and Mr. Chung Koon Yan will retire from office at the forthcoming annual general meeting (the "**forthcoming AGM**"), Mr. Ng Hoi Yue and Mr. Chung Koon Yan, being eligible, have offered themselves for re-election.

Details of the Directors' service contracts and appointment letters are described in the "Corporate Governance Report" on page 30 of this annual report.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming 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 "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HKEx**") and the Board considers each of them to be independent.

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

As at 30 June 2019, 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	Number of ordinary shares held: Family interests	Number of ordinary shares held: 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)*	–	179,252,394	14.34%

Note:

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 the Chief Executive Officer.

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 2019 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 2019, 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 2019.

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.

SHARE OPTION SCHEME

A share option scheme 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 "**Share Option Scheme**") is the only share option scheme of the Company currently effective. The purpose of the 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, non-executive directors 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 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 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 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 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 annual report, none of the shares available for issue under the Share Option Scheme.

Further details regarding the principal terms of the 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 Share Option Scheme during the year ended 30 June 2019 are as follows:

	Number of Underlying Shares comprised in Options								
Name or Category of participants	Balance as at 1 July 2018	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2019	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Employees and others:									
In aggregate	16,700,000	–	–	16,700,000*	–	28/2/2011	28/2/2012 –27/2/2019	HKD9.00	–
	15,260,000	–	–	15,260,000#	–	21/5/2015	21/5/2016–20/5/2019	HKD1.47	–
	31,960,000	–	–	31,960,000	–				

* These share options lapsed on 27 February 2019.

These share options lapsed on 20 May 2019.

Other than as disclosed above, no other share option was granted, cancelled or exercised or lapsed pursuant to the Share Option Scheme during the year ended 30 June 2019 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' REPORT

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this annual 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).

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-Laws, subject to the provisions of the statutes, every Director shall be entitled to be indemnified by the Company against all costs, charges losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto. The Directors and Officers Lability Insurance (the "**D&O Insurance**") undertaken by the Company provides such indemnities to all the directors of the Company and its subsidiaries. The relevant provisions in the Company's Bye-Laws and the D&O Insurance were in force during the year ended 30 June 2019 and as of the date of this annual report.

RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in Notes 4(m)(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 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 2019, 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 Listing Rules (2018: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 83.5% of the Group's total sales for the year and sales to the Group's largest customer amounted to approximately 38.3%.

Purchases from the Group's five largest suppliers accounted for approximately 57.3% of the Group's total purchases for the year and purchases from the Group's largest supplier amounted to approximately 20.3%.

At any time during the year, none of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest customers or suppliers.

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 released to all shareholders and the market concurrently in accordance with the Listing Rules. The annual general meeting 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 24 to 32 of this annual report.

EMOLUMENT POLICY

As at 30 June 2019, the Group had 40 employees, compared to 93 employees in the previous financial year.

The Company has set up a 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 highest emoluments are set out in Notes 13 and 14 to the Consolidated Financial Statements and on page 30 of the Corporate Governance Report.

DIRECTORS' REPORT

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period are provided in Note 31 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 auditors 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 2019.

INDEPENDENT AUDITORS

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 auditors of the Company and authorise the Board to fix its remuneration.

By order of the Board

Ng Ong Nee
Executive Director

30 August 2019

Ng Hoi Yue
Executive Director

30 August 2019

CORPORATE GOVERNANCE REPORT

The information set out on pages 24 to 32 of this annual report and the information incorporated by reference constitute the Corporate Governance Report of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**").

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 "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

During the year ended 30 June 2019, the Company has complied with the Code Provisions of the CG Code, except for the following deviations:

Code Provision A.2.1

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

Code Provision A.5.1

The Company does not have a nomination committee. The Directors do not consider that, given the size of the Group and current stage of its development, it is necessary to have a nomination committee. However, this will be kept under regular review by the Board. The Board as a whole regularly reviews the plans for orderly succession to the Board and its structure, size and composition. The Board has adopted a nomination policy on 3 June 2019 which sets out the relevant appointment criteria and, in case of the INEDs, the independence requirements set out in the Listing Rules. Nomination of new Director(s) will normally be made by the Executive Directors and is subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Code Provision A.6.7

INEDs and other non-executive directors should attend general meetings of the Company and develop a balanced understanding of the views of the shareholders. Although an INED and the Non-executive Director were unable to attend the annual general meeting (the "**AGM**") of the Company in 2018, the senior management of the Company had reported all special enquiries from the shareholders and acted as the communication bridge between the shareholders and the INED as well as the Non-executive Director so that they could aware and understand the view of the shareholders accordingly.

Code Provisions C.1.1 and C.1.2

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

During the course of auditing for the financial year of 2015/16, the auditors of the Company (the "**Auditors**") reported that: (i) a director of certain Deconsolidated Subsidiaries had alleged that there were inaccuracies in the books and records of certain Deconsolidated Subsidiaries and (ii) a finance manager of certain Deconsolidated Subsidiaries had sent written correspondence to the Auditors indicated that certain amounts or balances in the internal records of certain customers or suppliers did not correspond to the internal records of the Group. Subsequently, those management of such Deconsolidated Subsidiaries refused to provide information requested by the Directors and senior management of the Company. In order to protect and enforce all the legal rights of the Group, the Company had engaged legal professional in the PRC to handle the relevant disputes and there were judgments of certain litigations granted in favour of the Group (the "**Beihai Minority Disputes**"). Those Deconsolidated Subsidiaries were deconsolidated from the Company's financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018. In late September 2017, the Group regained the control of a major PRC 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 had re-consolidated the financial results of Lucky Team Hepu in the Group's consolidated financial statements from 28 September 2017 onwards.

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

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

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

* *For identification purposes only*

Code Provision E.1.2

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in its securities. Following a specific enquiry made to all Directors by the Company, each of them has confirmed that he had fully complied with the required standard as set out in the Model Code throughout the year ended 30 June 2019.

BOARD OF DIRECTORS

The Board meets regularly 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.

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 2019, 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 and Chief Executive Director)*
Mr. Ng Hoi Yue *(Deputy Chief Executive Director)*

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

Biographical details of the Directors are set out on pages 14 to 15 of this annual report.

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.

Nomination Policy

The Board has adopted a nominated policy (the "**Nomination Policy**") on 3 June 2019 which set out the selection criteria in assessing the suitability of a proposed candidate as Director and procedure of appointing and re-appointing a Director. In assessing the suitability of a proposed candidate, the Board will consider factors including but not limited to reputation for integrity, accomplishment and experience in the relevant industry, commitment in respect of available time and relevant interest, diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills and knowledge and length of service. Suitable candidate can be nominated by any Director for the Board's consideration. The Board should evaluate the personal profile of the candidate based on the selection criteria as set out in the Nomination Policy and undertake adequate due diligence in respect of each proposed candidate. After comprehensive assessment, the Directors will then make recommendation to the Board for consideration and approval or making recommendation to the shareholders of the Company for approval. The Board will review the Nomination Policy and assess its effectiveness on a regular basis or as required.

Board Diversity Policy

The Board has adopted a board diversity policy since 1 September 2013 which is revised on 29 July 2019. 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, ethnicity, professional experience, skills, knowledge, length of service and the legitimate interests of the Company's principal shareholders. 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 members 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 Listing Rules, any Directors and their respective close associates (as defined in the 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 2019, the Board convened a total of 7 Board meetings, 7 Audit Committee meetings and 2 Remuneration Committee meetings. Besides, Directors also attended the 2018 AGM and a special general meeting to understand the views of the shareholders.

		Board Committee Meetings			
Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Annual General Meeting	Special General Meeting
	(Number of Times of Attendance/Total Number of Meetings)				
Executive Directors:					
Mr. Ng Ong Nee *(Chairman and Chief Executive Officer)*	7/7	N/A	2/2	0/1	0/1
Mr. Ng Hoi Yue *(Deputy Executive Officer)*	7/7	N/A	N/A	1/1	1/1
Non-executive Director:					
Mr. He Xiaohong	7/7	N/A	N/A	0/1	0/1
Independent Non-Executive Directors:					
Mr. Chung Koon Yan#	7/7	7/7	2/2	1/1	1/1
Dr. Lui Ming Wah, PhD, SBS, JP	7/7	7/7	2/2	1/1	1/1
Mr. Yang Zhen Han	7/7	7/7	N/A	0/1	0/1

Remark #: Mr. Chung Koon Yan was the chairman of the Audit Committee and the Remuneration Committee.

Chairman and Chief Executive Officer

During the year ended 30 June 2019, 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 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 Listing Rules.

The Company has received from each of its INEDs a written confirmation of his independence pursuant to Rule 3.13 of the 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 Directors 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 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 Audit Committee and the Remuneration 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 CG 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 2019.

As at 30 June 2019, the members of the Audit Committee comprised Mr. Chung Koon Yan, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zheng Han 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 CG 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 2019, 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 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 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 2019 and have provided records of training received during the year ended 30 June 2019 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 CG Code, the annual remuneration for the year ended 30 June 2019 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	1
RMB2 million or more but not exceeding RMB3 million	1

SHARE OPTION SCHEME

Details of the share option scheme are shown on pages 19 to 20 of this annual report.

INDEPENDENT AUDITORS' REMUNERATION

For the year ended 30 June 2019, the remuneration in respect of audit services and non-audit services provided by the independent auditors of the Company, HLB Hodgson Impey Cheng Limited, amounted to approximately RMB2,119,000 and RMB530,000 respectively.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Saved as disclosed in the aforesaid paragraphs "Code Provisions C.1.1 and C.1.2" and "C.2.1, C.2.3(b) and C.2.4", 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 2019, 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 (excluding those deconsolidated PRC subsidiaries) and the Company. The Directors must ensure that the financial statements comply with applicable laws and follow the International Financial Reporting Standards.

The Group recorded a net operating loss attributable to owners of the Company of approximately RMB38,913,000, and incurred operating cash outflows of approximately RMB26,448,000 for the year ended 30 June 2019. However, the Group did not incur any debt instrument nor any bank borrowings. Moreover, the Group would have sufficient funding for operation in the coming twelve months as explained in Note 2 to the Consolidated Financial Statements "Basis of Preparation" under the sub-section headed "Going concern basis of accounting". The Auditors expressed that these conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Auditors have expressed that their audit opinion is not modified in this respect.

The auditors' statement about its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report set out in pages 47 to 64 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 and C.1.2" and "Code Provisions C.2.1, C.2.3(b) and 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 subsidiaries, in the following areas: (i) compliance of corporate governance code; (ii) revenue cycle; (iii) purchase and expenses cycles; (iv) treasury operations; (v) inventory control; and (vi) cash management. 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 year ended 30 June 2019 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 to 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 2019. Ms. Ng has fulfilled professional training requirement for the year ended 30 June 2019.

DIVIDEND POLICY

The Company has adopted a dividend policy on 28 February 2019 (the "**Dividend Policy**") on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

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

CONSTITUTIONAL DOCUMENTS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

(I) Scope and Reporting Period

This is the third Environmental, Social and Governance ("**ESG**") report by Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries (the "**Group**")), reviewing and disclosing its ESG issues and performance in accordance with the guidelines outlined in Appendix 27 Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKEx**") and its principles of materiality, quantitative, balance and consistency, and the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative to define the report content, for the period from 1 July 2018 to 30 June 2019 (the "**Reporting Period**").

The Group has completed the Hepu restructuring in May 2019, including the transfer of key assets held by Lucky Team Biotech Development (Hepu) Limited* (利添生物科技發展(合浦)有限公司) ("**Lucky Team Hepu**") to Guangxi Hepu Guanhua Agriculture Co., Ltd.* (廣西合浦冠華農業有限公司) (the "**Agriculture Company**"); and the entering into of a new cooperation agreement between the Agriculture Company, Newasia Global Limited and Lucky Team Hepu in order to continually secure the Group's interests in the fruit plantation business at the Hepu Plantation subsequent to the disposal of Newasia Global Limited and Lucky Team Hepu on 3 June 2019.

Upon completion of the Hepu restructuring, the principal businesses of the Group include the plantation operation at Hepu plantation and the fruit distribution operation via the fruit distribution channels of the Group. This report covers the Group's head office in Hong Kong, a sales and marketing office in Shenzhen Special Economic Zone, and the plantation operation having approximately 341,000 orange trees in Hepu County, Guangxi Zhuang Autonomous Region, the People's Republic of China (the "**PRC**").

(II) Corporate Missions and Visions

The Group continues our mission to grow high quality, fresh and safe citrus fruit primarily oranges under eco-friendly practices and to sell them to consumers at a good value. Furthermore, our vision is to be one of the main and reputable citrus fruit growers in the PRC to grow high quality, fresh and safe citrus fruit, primarily oranges, to provide safe and pleasant working environment to employees with reasonable returns on investments to investors, business partners and supporters, sustainable development to the local community and to improve the local as well as the global environment.

(III) ESG Commitments, Management and Actions

The Group supports that the ESG areas and aspects listed in the ESG Guide are significant considerations for the short and long-term operations of its business, and is committed to conducting its business in a transparent, equitable, legal and socially responsible manner. Moreover, it continues to care about the impact of its daily operation on the environment and local communities, and to make efforts to meet and maximize the interests of all stakeholders, economy, environment, society and corporate governance on a fine and fair balance.

Same as last year, the board of directors of the Company (the "**Board**"), headed by the chairman, is responsible for the 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 and the General Manager ("**GM**") of the plantation operation and fruit distribution operation.

* *For identification purposes only*

In managing the priorities, the Group ensures its corporate, plantation operation and fruit distribution operation are in compliance 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 fruit growing industry. The Group also takes into account of the opinions and views of its stakeholders including shareholders, investors, employees, customers, suppliers, service providers, professional advisors, Non-Governmental Organization ("**NGO**") partners and industry associations, and strives to address their concerns. The Group has assigned a board member and duty managers to constantly communicate with its stakeholders under the following established channels in order to gain insights on ESG material aspects in the Reporting Period.

Stakeholders	Communication Channels
Shareholders/Investors	• General meetings • Information published on websites of the Company and the HKEx • Direct emails or phone enquiries • Dispatched documents
Employees	• Direct meetings with the management executives • Emails • Annual and regular appraisal • Organized functions and activities for the employees
Customers	• Day-to-day communication through frontline staff • Emails • Official websites
Suppliers/service providers/ professional advisors	• Day-to-day communication through front line staff • Regular review of the signed arrangements by the management • Emails
NGO partners	• Volunteer activities • Sponsors and donations
Industry associations	• Participation in annual and regular meetings and events

Through regular communications with stakeholders and reviewing of the information collected, the Group has identified the following ESG material areas and aspects, and has managed them strictly in accordance with the Group's established management structure, process, policies and guidelines and in compliance with the relevant legal and regulatory standards:

- Environmental Protection and Conservation;
- Employment, Working Conditions and Safety;
- Raw Materials Supply and Procurement;
- Quality of Products and Services especially on Food Safety;
- Privacy Information Protection;
- Ethical Management and Anti-corruption; and
- Community Support and Social Re-contribution.

The ESG issues and performance, especially on the above material areas, aspects and related the Key Performance Indicators ("**KPIs**") during the Reporting Period, have been monitored and managed with the attention of the management and are summarized below.

MATERIAL AREAS AND ASPECTS, AND KEY PERFORMANCE INDICATORS (KPIS)

(A) Environmental Areas

Given the large area of our plantation farm and the nature of plantation works and activities, the Group uses diesel, petrol and electricity for its plantation; packaging equipment water and fertilizers to grow the plants; and paper carton boxes to pack the produces. As a result, our operation and activities do generate emissions, wastes and discharge. However, as a responsible corporation, the Group continues with its responsibility and commitments to the environmentally sustainable development with its on-going operations and activities to grow "Green Fruit" under "Green Environment" practices. The aforementioned activities are well recognized in the PRC and comply with the requirements of the PRC laws and the specific guides in the organic fruit. The Group abides by all the local environmental laws and regulations and is committed to environmental protection, pollution prevention and minimization. Furthermore, it has implemented policies and taken measures to ensure our operations and activities are having minimal adverse impacts on and to prevent pollution to the environment, and to be energy, water, and other resources usage efficient.

The Group, same as last year, reported zero violation and received local appreciations in relation to its emissions, wastes and discharges or other environmental obligations during the Reporting Period.

Environmental Aspects

A1. Emissions and Waste

During the course of our operations and activities in the plantation office and field in Hepu, Guangxi, the sales and marketing offices in Shenzhen and the head office in Hong Kong, the types of emissions, wastes and discharge for the Reporting Period, same as the last year, were mainly air pollutants, direct and indirect greenhouse gas (mainly carbon dioxide (CO_2)) emissions from diesel, petrol and electricity consumption, and non-hazardous packaging wastes.

(i) Non-Hazardous Greenhouse Gas ("**GHG**") and Hazardous Air Pollutant Emissions

Same as the last year, our main emissions from the offices in Hong Kong and Shenzhen are non-hazardous GHG, mainly CO_2, indirectly generated from the use of electricity. While in the plantation fields, apart from indirect GHG, diesel and petrol are used for our tractors, weed-mowing machines and generators for water pumping, which will generate hazardous air pollutants of nitrogen oxides (NO_x), sulphur oxides (SO_x), particular matter (PM) emissions, methane and direct GHG-CO_2. The Group has continued taking active measures to minimize the consumption of electricity, diesel and gasoline to achieve lower energy costs and minimize the environmental impact of gas emissions. All employees are constantly reminded to smartly use electricity, diesel fuel and water. Supervising officers have been assigned the duty to inspect offices and plantation fields to turn off unused equipment and water taps when not in use; and to ensure the proper use of equipment. The Group has continuously been investing in new equipment for resources saving purposes.

The uses of electricity, diesel, petrol leading to the resultant direct and indirect air pollutants and GHG emissions, from our plantation and the 2 offices in Hong Kong and Shenzhen are measured and monitored in the KPIs tabled below:

Direct and Indirect Emissions Record

Items of emissions			**Year ended 30 June**		
			2019	2018	
		Unit	***Quantities***	*Quantities*	*Changes*
1.	SO_x direct emission	kilograms	**1.54**	2.14	-28.0%
2.	NO_x direct emission	kilograms	**2,520.33**	2,096.35	+20.2%
3.	PM direct emission	kilograms	**249.83**	207.82	+20.2%
4.	CO_2 direct emission	tonnes	**255.24**	212.77	+20.0%
	CO_2 indirect emission				
	– the PRC	tonnes	**358.35**	310.21	+15.5%
	– Hong Kong	tonnes	**34.40**	23.25	+48.0%

During the Reporting Period, Group's consumption on diesel, petrol and electricity increased. Direct and indirect GHG – namely CO_2; air pollutants, such as NO_x and PM emissions also had a corresponding increase over the previous reporting period. Such increase was mainly due to the partial year effect as the completion of acquisition of the Agricultural Company and resumed the control of Lucky Team Hepu in September 2017. The Group has taken measures to train, guide and supervise the employees to use energy and fuel smartly.

To increase energy efficiency and minimize the use of air-conditioning, the Group has invested in energy and fuel technology, such as the installation of solar panels, by adding onto the high ceiling and double-layered brick wall at our Hepu office. This has therefore ensured the office will be cool during the summer and warm during the winter.

(ii) Non-hazardous Waste and Organic Waste

As disclosed and same as the last year, non-hazardous wastes from our plantation operation mainly consist of plastic bags, containers from the use of fertilizers and pesticides, and packaging scraps for our oranges. While in our offices, only small quantities of paper waste are generated. For the plastic bags and containers generated, they have been collected by licensed collection operators for proper disposal. For paper waste, we have introduced measures to reduce its usage with all staff have been encouraged to use electronic messaging to replace paper writing and to print on both sides of papers.

For organic waste, while weeds are competing for nutrients with our fruit trees, we have not used any weed killing chemical agents as they are harmful to our soils. We have invested on specialized weed-mowing equipment and employed workers to control the growth of weeds properly, regularly and continuously. In our plantation fields, large amounts of cut-weeds, leaves and tree branches have regularly been generated, and have been collected, crushed, decomposed and reused as natural fertilizers for our plants to produce "organic fruit".

(iii) Noise and Light Emissions

The Group's operations and activities do not generate any noises and light emissions. As our plantation farm is far away from residents, the operation of our tractors, lawn-movers and other equipment will not cause any disturbing noise, light or inconveniences to others.

A2. Use of Resources

The core business operation of the Group – planting, cultivation and sale of agricultural produce and distribution of fruit, namely oranges, remains unchanged in the last 2 years, which has and will continue to use the following resources:

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

The electricity, diesel and petrol for farming and administrative purposes from our plantation and the 2 offices in Hong Kong and Shenzhen are summarized in the table below:

		Year ended 30 June		
Item	Unit	**2019**	2018	Changes
Electricity (Farm)	Kwh	**358,229**	311,058	+15.2%
Electricity (Offices)	Kwh	**44,701**	29,529	+51.4%
Petrol (Farm)	Litres	**6,258**	10,968	–42.9%
Diesel (Farm)	Litres	**90,266**	69,322	+30.2%

The increase in the consumption of diesel, petrol and electricity during the Reporting Period was mainly due to the partial year effect as the completion of acquisition of the Agricultural Company and resumed the control of Lucky Team Hepu in September 2017. The Group will continue to assign responsible officers to supervise and guide employees to smartly and efficiently use electricity, diesel and petrol. The employees are encouraged to co-operate on turning off all electrical appliances, air-conditioners, and lights in a timely manner and after work and the use of natural ventilation instead of air-conditioning whenever the conditions allow.

(ii) Water – Watering plants and cleaning the oranges are continued to be the main uses of water. For plantation, 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. For the Reporting Period, the plantation operation used a total of 197,625 cubic meters (2018: 134,600 cubic meters) of fresh water which was 63,025 cubic meters or 46.8% more than the last year mainly due to the partial year effect as the completion of acquisition of the Agricultural Company and resumed the control of Lucky Team Hepu in September 2017. On the other hand, the 2 offices continue to use an insignificant amount of fresh water, supplied from the offices waterway system for staff general daily hygiene needs.

The Group has constantly requested its employees to save water and to use water smartly and responsibly. In our packaging process, the water after cleaning the oranges will be sent to a special designed pond for filtering, recycling and will then be reused. Supervising officers have been assigned to ensure there is no unwarranted use and waste.

(iii) Packaging materials and papers – They are mainly used for packaging oranges for sales, office filing and document printing. To support a green environment, the Group uses recycled carton boxes and papers. At the same time, the Group has encouraged the office staff to reduce paper consumption as much as possible through use of electronic tools such as emails, messages and electronic storage to replace paper files, sketches and letters, and to print on both sides of papers.

(iv) Fertilizers – the Group needs fertilizers to grow the fruit, and uses both organic and chemical types. For the Reporting Period, the Group consumed a total of 5,657,583 kilograms fertilizers, out of which 3,462,750 kilograms was organic and 2,194,833 kilograms was inorganic fertilizers. The total amount of fertilizers used was 6.2% less than the last year due to the establishment of new plantation fields. In any event, it is the policy and strategy of the Group to use natural and organic fertilizers, which will safeguard the soil texture for future. We will continue with this policy and strategy.

A3. Environment and Natural Resources

As previously reviewed, the Group's core operation mainly uses the natural resources of electricity diesel, petrol, water, papers and land, which will have impacts on the environment if they are not properly managed. Through a properly management process, the Group only generated an acceptable and reasonable amount of greenhouse gas emissions and waste discharges. For water, apart from natural rainfall, which is the main source of supply, we have the approval to drill our own wells to source ground-water, and at the same time we have conserved and stored surface running water to supplement our water supplies. For land and soil, our plantation field is located in a tropical belt, and heavy rainfall will erode and leach the top-soils if they are not properly conserved. We plant our trees scientifically and carefully to ensure proper conservation of the top-soils and the un-used hillside slopes. As a respect and tribute to the natural environment, the Group has committed to cultivating and maintaining the field's landscape.

In short, the Group has taken a responsible approach to implement policies, measures and handle the emissions and discharges, and to ensure water supplies and the use of the land had been properly used. The Group was not subjected to any warnings, fines or violation notices, and was in compliance with applicable environmental protection laws and regulations in all materials respects during the Reporting Period.

As a continuous guiding principle and policy, it is not just for cost savings, but also for preserving the natural resources for the future, the Group has constantly reviewed ways and means to accomplish further resource savings. We have tried to conserve and store surface running water for further use. We use solar energy and built energy saving offices. We constantly update and upgrade our operation procedures and processes with the aim to achieve a higher standard in energy saving and emission reduction, and the use of water and land, and remind, educate, and encourage employees on the importance of environmental protection and to act in an eco-friendly manner in work and daily life.

(B) Social, Operation Practices and Community Areas

B1. Employment and Labour Practices Aspect

The Group values and regards our employees as its most valuable asset for its sustainable development and growth. Its employment policies measures strictly comply with all the relevant statutory requirements in the Labour Law of the PRC《中華人民共和國勞動法》and the Employment Ordinances of the Hong Kong Special Administrative Region.

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, and has been charged with the responsibility and duty to ensure all the statutory obligations of the Group have been fulfilled and complied with a legitimate manner.

On recruitment, the local offices have been given the authority to conduct the requirements and subsequent selection processes for the related vacancies and opened positions. Except for senior positions, the final recruitment decision is in the hands of the GM. Also, the Group adopts a hybrid of external recruitment, internal nomination and job rotation to recruit suitable personnel from outside and provide advancement opportunities to existing employees. All job positions are open to all with equal opportunities, decided with no discrimination on sex, race, religion, gender, age and disability, and selected on qualification, skill and competency basis.

Once the recruitment is confirmed, the respective employee and the Group will enter into a proper and standard contract. The department heads and/or the subordinate officers are charged with this prime responsibility and duty to ensure that statutory obligations of the Group are fulfilled and complied with in a timely manner. Employment of child labour and forced labour is completely forbidden and is under the regular scrutiny of the management.

Regarding recruitment of employees for plantation works, owing to the special nature of works, there is a strong seasonal fluctuation. During harvesting, we will need a large number of temporary or part-time workers to hand-pick oranges. To solve this situation and provide job opportunities to residents of the local villages, we have entered into service agreements with the local communities in which they will source, organize and recruit temporary workers for us in return for a pre-agreed service fee. The temporary workers will enter into contracts with the local communities as their employees that the local communities will be responsible for paying salary and maintaining benefits and rights of the workers under the Labour Laws of the PRC.

The Group is committed to providing employees with equal opportunity on recruitment, promotion, compensation and benefits, as specified in the relevant statutory provisions. Providing a harmonious, pleasant, healthy and safe working environment for the employees is of our prime concern. The Group also has well established policies, codes and guidelines on labour welfare and protection emphasizing legal compliance of the PRC national or provincial laws and the Hong Kong Special Administrative Region (“**HKSAR**”) employment laws and regulations. They cover, but are not limited to, appointment and its termination, working hours, rest days, statutory holidays, remunerations, social insurances, various compensations, health, general safety, performance assessment, mandatory provident funds for Hong Kong employees, and three insurances (retirement pension, unemployment, medical and work injury insurance) for PRC employees and other benefits and welfare. Details are clearly listed in its Employment Rules and Regulations (員工規則) and Labour Contract (勞動合同).

The employee remunerations are determined with reference to the prevailing market level as well as their competency, qualification, skills and experience. Salary is paid to the employee’s bank account within the prescribed agreed period at the end of the wage period. No wage disputes or complaints were recorded in the Reporting Period.

During the Reporting Period, the Group honored all obligations to our employees including the payment of salaries and wages, holidays and leaves, compensations, insurances and health benefits. Moreover, there were no breaches of the labour laws or labour disputes both internally and externally during the Reporting Period.

As at 30 June 2019, the Group employed a total of 40 employees excluding the seasonal local village workers for picking, cleaning and packaging oranges, with whom 14 worked for the Hong Kong office and 26 were in our plantation field and Shenzhen office. Further analysis of the Group's employment situations for the Reporting Period and last year are summarized in below:

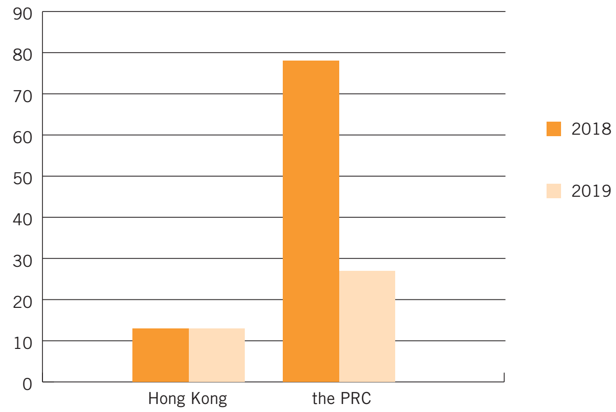

Figure 1: Number of Employees by Nationality

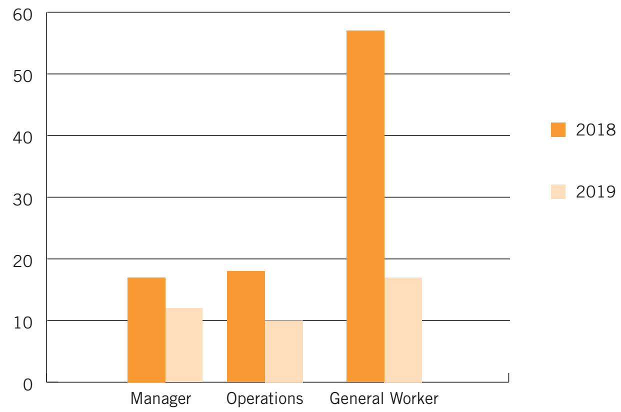

Figure 2: Number of Employees by Employment Type

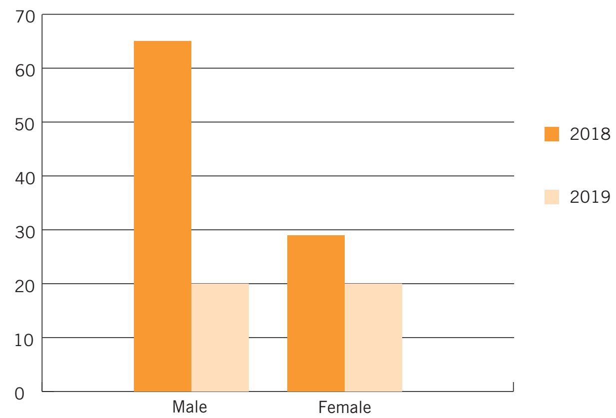

Figure 3: Number of Employees by Gender

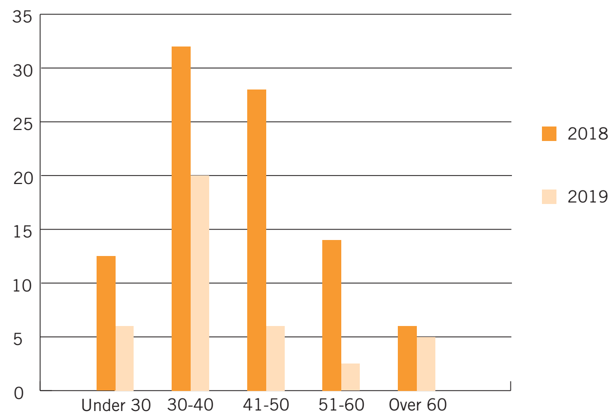

Figure 4: Number of Employees by Age Group

From the above information, it can be summed up that the Group has a stable work force (40 in 2019 and 93 in 2018), majority are male workers (50.0% in 2019 and 68.8% in 2018) and most of them are between ages 31-50 (65.0% in 2019 and 64.5% in 2018). Managers accounted for 32.5% in 2019 and 17.2% in 2018 of total employees.

B2. Health and Safety Aspect

Given the nature of plantation operation, and being a responsible employer, the Group considers health and safety of its employees as its prime concern and attaches great importance in protecting them from risks and ill health.

The Employee Handbook, and Labour and Employment contracts set out general safety policies and procedures and are fully in compliance with the employment laws and regulations of the PRC and HKSAR.

Specific safety rules, instructions and procedures for the safe operation of plantation equipment and process operations, and general employee safety, are contained in the operation manuals and safety guidelines. All employees are required to strictly observe the health and safety policies, instructions and guidance; and to follow the same at work and to place safety as their priority during operation. Managers and supervisors are charged with the responsibility of enforcing the safety policies, rules and practices.

The Group has provided and installed in all offices and plantation fields, easy-to-access safety equipment to employees and workers.

The Group has paid medical insurance to provide coverage on sickness, injuries and accidents for our employees, and paid Mandatory Provident Funds for employees in Hong Kong and retirement and unemployment insurances for PRC employees in accordance with the relevant statutory requirements.

Committing to provide a safe working environment to our employees, apart from investment on the required safety equipment and facilities, the Group has been promoting safety at work sites. The Group has sponsored the field supervisors to attend safety work practices with an aim to help to reduce the numbers of work-related injuries and to prevent serious work injuries.

Whenever an injury or an accident occurs to an employee during working in the office or plantation field, 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. Same as the last year, there were no serious injuries, incidents or disastrous events in Hong Kong and the PRC operations during the Reporting Period.

B3. Development and Training Aspect

In line with its recognition of the value of its employees, it is the policy of the Group to provide or to sponsor the required level of training in terms of skills and job knowledge, plant operation and production know-how to employees at various levels, so that they are able to perform their required job duties in a competent and capable manner without risk to their health and safety or damage to plants and operations.

Policies are in place for on the job training to ensure that knowledge and skills are rightly provided in a timely manner to meet production and staff needs. Employees are encouraged to engage in self-development by taking external training programs and seminars which are sponsored by the Group in part or whole.

Broadly speaking, there are 2 types of training that the Group provides. Internal induction training is provided to new recruits to enhance their understanding of the Group's history, organization structure, work environment, regulations, responsibilities and duties, working skills, safety operation, and career development plan etc. On-the-job and specific training are provided to regular employees with an aim to improve their career development and skills for performing their required job duties in a more competent and capable manner and without risking their health and safety. External specific skills and knowledge training is aiming at enhancing the technical and management skills, and professional quality and ability of the middle to senior managers.

During the Reporting Period, the Group internally provided a total of 390 hours of training to 19 employees (5 managers, 3 operation supervisors and 11 general workers) while 30 employees were provided with a total training of 600 hours in last year. The decrease is due to the fact that the Group just completed the acquisition of an agricultural company and resumed the control of Lucky Team Hepu and re-started its plantation operation in the last year. During the Reporting Period, the Group also sponsored its employees to attend external training programs and seminars conducted mostly by specialized agricultural universities and academic researches centers such as:

- Oranges Diseases Prevention;
- Oranges Nurturing Management Technology;
- Oranges Value-Added Business Development; and
- Agricultural Workers Management.

The Group will continue with such a training policy as it will enhance the quality and value of its human capital, who will ultimately benefit the Group.

B4. Labour Standards Aspect

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 on employment and labour protection and welfare. The Group adheres to the laws of the PRC and the HKSAR as well as the local market practices on recruitment, dismissal, promotion, leave, holidays, benefits as well as 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 employees' personal background information and credentials including copies of identify card and passport, academic qualifications and certificates, references, and performance assessment by seniors.

The Group honors all of its obligations towards employees and no disputes or litigations on labour matters were reported for the Reporting Period, same as the last year.

Operation Practices Areas

B5. Supply Chain Management Aspect

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 well-established purchase policies implemented to all suppliers on a fair and equitable manner. Purchases within a specified amount are handled by the respective local offices for operational convenience reasons. Approval by Hong Kong headquarter is required when the transaction value exceeds the threshold limit.

All capital expenditure purchases have to be authorized and approved by Hong Kong headquarter. All purchase transactions are open and transparent and normally 2 to 3 approved suppliers are requested to submit their quotations for comparison purposes. All purchase transactions are subject to the scrutiny of internal hierarchy supervisions at different levels depending on its contract value and significance and to the overall scrutiny of external independent audit checks.

As part of the purchase process, the Group has maintained a list of approved suppliers for different types of supplies. The approved suppliers have been carefully selected based on a set of selection criteria. We consider the quality and stability of supplies and their track records to be important. We also take into consideration product pricing, payment and credit terms, purchase discount, supplier's capacity, business operation and responsiveness to any contingency. We generally conduct quality reviews of trial orders from the potential suppliers at least two or three times before we confirm the inclusion of them in our list of approved suppliers. The purchasing staff conduct evaluations and reviews of the approved suppliers on a regular basis and would remove any supplier who fails to meet our standards.

All of our purchases for general purpose and use are concluded with reputable and reliable local suppliers as far as possible so as to reduce carbon footprint and to support the local economy development. When purchase of items or service for special use, it is the policy of the Group to ensure that the supply of service or goods is fit for purpose and meets with our specification before price becomes a consideration.

In the Reporting Period, the plantation operation and fruit distribution operation had 92 and 11 suppliers respectively, all of them were local. The Group actively supports local suppliers to ensure flexibility of supplies and to boost the local economy. 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 in the Reporting Period and last year.

B6. Products Responsibility Aspect

There are four major sub-aspects under product responsibility, which our internal control process, employee rules and regulations and contracts have clear guidelines and rules to deal with. As reported in the last ESG reporting, 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

Quality of the oranges is the most important factor for any sales. The Group has implemented total quality control standards in our operation processes as summarised below to ensure continuous highest quality and safety 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 natural cut-weeds and leaves, and supplements with fertilizers which must be eco-friendly, non-toxic and not harmful to the soils and underground water. 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.

In the Reporting Period, the Group did not have any sale return on our sale. Hence, the Group is proud that there has been no material complaint or claim on its products quality and its products have not been subject to any investigation by government authorities on quality or safety as well.

(ii) Handling of Sales Complaints

As disclosed before, 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 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 were not many and had been amicably settled.

During the Reporting Period, same as the last year, the Group did not receive any complaints from customers that had any material adverse impact on our products, business and results of operation.

(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 extremely 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, same as the last year.

(iv) Intellectual Property Right

The Group has registered its company logo and "Royalstar (新雅奇)" 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.

For the Reporting Period and the last year, no infringement complaints were against the Group were received.

B7. Anti-Corruption Aspect

The Group is well aware of the importance of honesty, integrity and fairness in our business operations and has in place an anti-corruption policy which involves comprehensive internal control system comprising corruption reporting and investigation procedures. An Independent Non-executive Director will be charged with the responsibility to initiate investigation upon receiving any corruption reports. Moreover, employees at all levels are constantly reminded in meetings and documents, such as the staff handbooks, on anti-corruption, conflict of interest and giving and taking of interests. 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, same as the last year.

B8. Community Investments Aspect

As a responsible corporation, the Group has a social obligation to support and to pay back to the local environment, community and residents. During the Reporting Period, the Group contributed the following:

(i) *Environment* – the Group planted trees carefully which has improved the landscape of its plantation fields and more importantly reducing global warming by absolving CO_2 and releasing oxygen; conserving water and top-soil;

(ii) *Society* – the Group jointly worked with the educational institutions on agricultural researches and provided its plantation farms as education centers such as "Guangxi Agricultural Sciences Testing Center", "Guangxi Agriculture Vocational College Training Center", "Hua Zhong Agricultural University Practice Center", and "Hong Kong Young Patriot Agriculture Training Center";

(iii) *Community* – the Group built local roads and bridges and supported its employees to provide voluntary services to local communities. Apart from permanent jobs offered, the Group was the largest employer in the local region and regularly provided plenty of temporary and part-time jobs to village workers. Moreover, our plantation farm helped to boost the local economy through training up the locals on fruit growing, who have then grown and developed their own fruits farms, and co-operated with the local farmers to jointly grow other kinds of fruits such as bananas on co-operative land;

(iv) *Employees* – the Group provided and sponsored training to improve the employees job skills and knowledge. Also, the Group organized celebration events and gatherings for its employees during festive seasons; and

(v) *Poor Students and Families* – the Group donated RMB300,000 to sponsor poor students for their studies.

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

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 (collectively, the "**Group**") set out on pages 65 to 134, which comprise the consolidated statement of financial position as at 30 June 2019, 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 (except for Guangzhou Asian Citrus Investment Consulting Co., Ltd. (廣州市亞機果投資諮詢有限公司), Guangxi Hepu Guanhua Agriculture Co., Ltd. (廣西合浦冠華農業有限公司) and Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司)) of the Company incorporated in the People's Republic of China (the "PRC")

As disclosed in note 2 to the consolidated financial statements:

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

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

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

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

Upon our further inquiries, we were informed that the directors of the Company had sought, but were unable, to gain access to the books and records of Lucky Team Hepu, Beihai Perfuming Garden, Tianyang Perfuming Garden, and all the other subsidiaries of the Company incorporated in the PRC (saved and except for Guangzhou Asian Citrus Investment Consulting Co., Ltd. (廣州市亞機果投資諮詢有限公司), Guangxi Hepu Guanhua Agriculture Co. Ltd. (廣西合浦冠華農業有限公司) and Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司)) (the "**PRC Subsidiaries**"). Further, the management of the PRC Subsidiaries did not respond to the requests of the directors of the Company for additional information and explanations relating to the subject matters of the Allegations.

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

Under the circumstances as described above, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the Allegations relate. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the causes and effects of the alleged discrepancies and other matters which were the subject matters of the Allegations, and their implications and impacts on the elements presented in the consolidated financial statements of the Group for the year ended 30 June 2019 and the comparative figures presented in these consolidated financial statements. In particular, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding (i) whether there were problematic transactions and balances that caused, or were caused by, the alleged discrepancies and other matters which were the subject matters of the Allegations and if there were, whether these were appropriately reflected in the Group's consolidated financial statements for the respective years to which they relate (i.e. the year ended 30 June 2019 or preceding years); (ii) the nature, extent and validity of the problematic transactions and balances, if any, and the reasons why they arose and their effects on the consolidated financial statements; (iii) whether there were any contingent or unrecorded liabilities arising from the problematic transactions and balances, if any, including penalties and other financial consequences from breaches of laws and regulations; and (iv) whether there were any problematic transactions and balances involving related parties but which had not been identified by the management of the Group. These scope limitations also impacted on our ability to determine the reliability of the management representations received by us as audit evidence for our audit testing purposes in relation to the PRC Subsidiaries and hence of the audit evidence in general in relation to the PRC Subsidiaries. Any adjustments found to be required may have consequential significant effects on the elements in the consolidated financial statements for the year ended 30 June 2019 and the comparative figures for the preceding year and hence on the net liabilities of the Group as at 30 June 2018 and the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018.

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

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

The deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015 also resulted in the exclusion of the assets, liabilities, revenue, income, expenses, and cash flows of the Deconsolidated Subsidiaries from the consolidated financial statements of the Group for the years ended 30 June 2016, 2017 and 2018 and the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect. Except possibly in the case of Beihai Perfuming Garden and its subsidiaries (see the next sub-paragraph below), this accounting outcome is a departure from the requirements of International Financial Reporting Standard ("**IFRS**") 10 "Consolidated Financial Statements", which requires all subsidiaries controlled by the Company and its subsidiaries to be included in the consolidated financial statements of the Group. The facts and circumstances described above do not show that the Group had lost control over the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) with effect from 1 July 2015. Accordingly, under IFRS 10, the Company should have consolidated the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) in its consolidated financial statements up until the respective dates on which the First Disposal and the Last Disposal took effect. Had these subsidiaries been consolidated, many elements in the consolidated financial statements of the Group in respect of the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect and the comparative figures presented in these consolidated financial statements would have been materially affected. However, as stated above, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the Allegations relate, including the effects of the Incidents. Accordingly, the effects on the consolidated financial statements of the Group of the failure to consolidate the Deconsolidated Subsidiaries (except possibly for Beihai Perfuming Garden and its subsidiaries) could not be determined.

In the case of the deconsolidation of Beihai Perfuming Garden and its subsidiaries, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the allegations described in sub-paragraph (iii) above relate. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the causes and effects of these alleged matters and their implications and impacts on the elements presented in the consolidated financial statements of the Group in respect of the period from 1 July 2018 to the date on which the First Disposal took effect and the comparative figures presented in these consolidated financial statements. In particular, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding whether Man Guifu had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to the Arrangements. If Man

Guifu did have such right, the existence of the potential voting right might cause Beihai Perfuming Garden and its subsidiaries to be controlled by Man Guifu rather than by the Company and hence in such circumstances, Beihai Perfuming Garden and its subsidiaries should not be included in the consolidated financial statements of the Group as they would then not be subsidiaries of the Company. However, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether Beihai Perfuming Garden and its subsidiaries were subsidiaries of the Company up until the date on which the First Disposal was completed. Hence, we were unable to satisfy ourselves about the validity and appropriateness of treating Beihai Perfuming Garden and its subsidiaries as subsidiaries of the Company until the effective date of the deconsolidation (being 1 July 2015) and conversely, of deconsolidating Beihai Perfuming Garden and its subsidiaries with effect from 1 July 2015.

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

b) Opening balances and comparative information

The opening balances as at 1 July 2018 and comparative information as at and for the year ended 30 June 2018 presented or disclosed in the consolidated financial statements are based on the consolidated financial statements of the Group for the year ended 30 June 2018 in respect of which we expressed a disclaimer of opinion in our auditors' report dated 28 September 2018. The matters which led us to disclaim our opinion include those explained in paragraphs (a) to (j) herein and in sub-paragraphs (i) to (xiv) below concerning the carrying amounts of certain assets and liabilities which were derecognised upon deconsolidation of the Deconsolidated Subsidiaries as at 1 July 2015 and which affected the amount recognised as loss arising from the Incidents in the year ended 30 June 2016. As opening balances as at 1 July 2018 entered into the determination of profit and other comprehensive income and cash flows of the Group for the year ended 30 June 2019, any adjustments to the opening balances found to be required in respect of these matters may have consequential significant effects on the profit and other comprehensive income and cash flows of the Group for the year ended 30 June 2019. In addition, the comparative information presented or disclosed in the consolidated financial statements may not be comparable with the figures presented or disclosed in respect of the current year.

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

The gross carrying amounts of the property, plant and equipment, land use rights and construction-in-progress (collectively, the "**Tangible Assets**") as at 1 July 2015 of approximately RMB3,189,770,000, RMB87,870,000 and RMB49,430,000 respectively were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the gross and net carrying amounts of the Tangible Assets as at 1 July 2015; (ii) the validity of ownership of the Tangible Assets under the Deconsolidated Subsidiaries as at 1 July 2015; (iii) the validity of the gross and net carrying amounts of the Tangible Assets as at 1 July 2015 which were brought forward from previous years, including the components of the Tangible Assets, the validity of the commercial terms arrived at in acquiring the Tangible Assets, and whether the vendors of the Tangible Assets were related to related parties of the Group in accordance with International Accounting Standards ("**IAS**") 24 "Related Party Disclosures"; and (iv) the basis for the determination that the net carrying amounts of the property, plant and equipment, land use rights and construction-in-progress of approximately RMB2,250,979,000, RMB74,625,000 and RMB49,430,000 respectively as at 1 July 2015 were recoverable. Therefore, we were unable to satisfy ourselves as to whether the gross and net carrying amounts of the Tangible Assets and Nil impairment loss on the Tangible Assets as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(ii) Biological assets

The carrying amounts of the biological assets as at 1 July 2015 of approximately RMB1,596,782,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the biological assets as at 1 July 2015; (ii) the validity of ownership as at 1 July 2015 of the biological assets, which were all held by the Deconsolidated Subsidiaries; (iii) the validity of the carrying amounts of the biological assets as at 1 July 2015 which were brought forward from previous years, including in respect of biological assets acquired in previous years, the validity of the commercial terms arrived at in acquiring the biological assets and whether the vendors or suppliers of the biological assets were related to related parties of the Group in accordance with IAS 24; (iv) the validity, the basis of determination and recording accuracy of the fair value measurements as at 1 July 2015 of the biological assets carried at fair value and the reasonableness of supporting bases for the key inputs and assumptions used in the fair value measurements as at 1 July 2015; and (v) the basis for the determination that the carrying amounts of those biological assets carried on cost basis were recoverable as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the biological assets as at 1 July 2015 were free from material misstatement and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(iii) Intangible assets

The gross and net carrying amounts of the intangible assets for capitalised development costs as at 1 July 2015 of approximately RMB115,926,000 and RMB51,091,000, respectively, were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of derecognition of the gross and net carrying amounts of the intangible assets as at 1 July 2015; (ii) the validity of the gross carrying amounts of the intangible assets which were brought forward from previous years, including the components of the intangible assets, the validity of the commercial terms arrived at in acquiring the intangible assets or the development costs paid or incurred which arose from the year ended 30 June 2006 and the years thereafter, and the reasonableness and recording accuracy on initial recognition of the capitalised development costs, including whether the capitalisations were in compliance with IAS 38 "Intangible Assets", and whether the vendors or counter parties of the intangible assets were related to related parties of the Group in accordance with IAS 24; (iii) the basis of conducting impairment assessment by the management of the Group and the reasonableness of and supporting bases for the key inputs and assumptions used in the impairment assessment as at 1 July 2015; and (iv) the basis for the determination that the net carrying amounts of the intangible assets of approximately RMB51,091,000 as at 1 July 2015 was recoverable. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the intangible assets and Nil impairment loss on the intangible assets as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(iv) Goodwill

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

Therefore, we were unable to satisfy ourselves as to whether the carrying amount of the goodwill as at 1 July 2015 was free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(v) Deposits

The carrying amount of the deposits as at 1 July 2015 of approximately RMB11,012,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of derecognition of the deposits as at 1 July 2015; (ii) the validity of the carrying amount of the deposits as at 1 July 2015 which was brought forward from previous years, including the nature of the deposits, the validity of the commercial terms arrived at under the deposits and whether the counter parties of the deposits were related to related parties of the Group in accordance with IAS 24; and (iii) the basis for the determination that the carrying amount of the deposits of approximately RMB11,012,000 as at 1 July 2015 was recoverable as no documentation on impairment assessment on the deposits as at 1 July 2015 was made available to us. Therefore, we were unable to satisfy ourselves as to whether the carrying amount of the deposits as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(vi) Properties for sale

The gross carrying amount and net carrying amount of the properties for sale as at 1 July 2015 of approximately RMB5,830,000 and Nil respectively were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of derecognition of the gross and net carrying amounts of the properties for sale as at 1 July 2015; (ii) the validity of the gross carrying amount of the properties for sale which were brought forward from previous years, including the validity of (a) the recognition of the properties for sale in accordance with applicable IFRSs; and (b) the commercial terms arrived at under the properties for sale and whether the counterparties involved were related to related parties of the Group in accordance with IAS 24; and (iii) the basis for the determination that the recoverable amount of the properties for sale was Nil as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amount of the properties for sale as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(vii) Inventories

The gross and net carrying amounts of the inventories as at 1 July 2015 of approximately RMB106,033,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the inventories as at 1 July 2015; (ii) the validity of the gross and net carrying amounts of the inventories as at 1 July 2015 which were brought forward from previous years, including the components of the inventories and the validity of the commercial terms arrived at in acquiring the inventories and whether the vendors of the inventories were related to related parties of the Group in accordance with IAS 24; (iii) the basis for the determination that the carrying amounts of the inventories of approximately RMB106,033,000 as at 1 July 2015 was recoverable as no documentation on impairment assessment of inventories as at 1 July 2015 was made available to us. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the inventories as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(viii) Trade and other receivables

The gross and net carrying amounts of the trade and other receivables as at 1 July 2015 of approximately RMB194,535,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the gross and net carrying amounts of the trade and other receivables as at 1 July 2015; (ii) the validity of the gross and net carrying amounts of the trade and other receivables which were brought forward from previous years, including the nature of the trade and other receivables, the validity of the commercial terms arrived at under the trade and other receivables, the identity of the debtors and whether the debtors were related to related parties of the Group in accordance with IAS 24; and (iii) the basis for the determination that the carrying amount of the trade and other receivables of approximately RMB194,535,000 as at 1 July 2015 was recoverable as no documentation on impairment assessment on the trade and other receivables as at 1 July 2015 was made available to us. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the trade and other receivables and Nil impairment loss on the trade and other receivables as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(ix) Cash and cash equivalents

The carrying amounts of the cash and cash equivalents as at 1 July 2015 of approximately RMB864,883,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of derecognition of the cash and cash equivalents as at 1 July 2015; and (ii) the completeness, existence and recording accuracy of the balances and the transactions of the cash and cash equivalents as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts and the transactions of the cash and cash equivalents as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(x) Trade and other payables

The gross and net carrying amounts of the trade and other payables as at 1 July 2015 of approximately RMB136,310,000 were derecognised upon deconsolidation of the Deconsolidated Subsidiaries. Due to lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries made available to us, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the derecognition of the trade and other payables as at 1 July 2015; (ii) the validity of the carrying amounts of the trade and other payables which were brought forward from previous years, including the nature of the trade and other payables, the validity of the commercial terms arrived at under the trade and other payables, the identity of the creditors and whether the creditors were related to related parties of the Group in accordance with IAS 24; and (iii) the completeness and recording accuracy of the balances and the transactions incurred under the trade and other payables as at 1 July 2015. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts and the transactions of the trade and other payables as at 1 July 2015 were free from material misstatements and hence whether the amount recognised as loss arising from the Incidents in the year ended 30 June 2016 (included in reserves of the Group as at 1 July 2017 and 30 June 2018) was also free from material misstatements.

(xi) Statutory reserve

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

(xii) Re-consolidation of a deconsolidated subsidiary

As disclosed in note 29 to the consolidated financial statements and in the Company's announcement dated 31 October 2017, the Group resumed the control over Lucky Team Hepu on 28 September 2017 (the "**Resumed Date**"). Due to the lack of access to complete books and records of Lucky Team Hepu for periods up to the Resumed Date, the Group had to undertake efforts to reconstruct the books and records of Lucky Team Hepu. As at the date of our auditors' report dated 28 September 2018 on the consolidated financial statements of the Group for the year ended 30 June 2018, the reconstruction of the books and records could not be completed, hence the Board considered that the Group still did not have the necessary information about the transactions and account balances of Lucky Team Hepu for inclusion in the consolidated financial statements of the Group for all periods prior to the Resumed Date. Instead, the financial statements of Lucky Team Hepu were included in the consolidated financial statements of the Group only with effect from the Resumed Date. On the Resumed Date, the Group recorded (i) property, plant and equipment of approximately RMB102,675,000 including bearer plants of approximately RMB52,950,000; (ii) amount due from the Company (which was eliminated on consolidation) of approximately RMB31,072,000; (iii) cash and bank balances of approximately RMB4,109,000; (iv) amount due to the Agriculture Company (as defined below) of approximately RMB4,574,000; and (v) amounts due to the Deconsolidated Subsidiaries of approximately RMB365,000,000 (collectively, the "**Assets and Liabilities**").

Due to the circumstances of the lack of access to complete books and records of Lucky Team Hepu for periods up to the Resumed Date and the inability to complete the work to reconstruct the books and records, the Board is unable to ascertain the completeness and recording accuracy of the Assets and Liabilities as at the Resumed Date. Furthermore, the balances of the Assets and Liabilities recognised by the Group on the Resumed Date entered into the determination of the financial performance of the Group for the year ended 30 June 2018 and had carryforward effects on the closing balances of the assets and liabilities of the Group as at 30 June 2018. Hence we are unable to satisfy ourselves concerning the comparative figures in respect of the preceding year as presented or disclosed in these consolidated financial statements. We have been unable to carry out alternative audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity, accuracy and completeness of the carrying amounts of the Assets and Liabilities at the Resumed Date which were recognised by the Group, and which were reflected in the comparative figures in respect of the preceding year in the manner as described herein, as disclosed in note 29 to the consolidated financial statements and their carryforward effects on the closing balances of the assets and liabilities of the Group as at 30 June 2018, which would then have entered into the determination of the financial performance and cash flows of the Group for the current year ended 30 June 2019; (ii) whether the suppliers and counterparties in relation to the Assets and Liabilities were related to related parties of the Group in accordance with IAS 24; (iii) the effects of the transactions of Lucky Team Hepu that occurred between 1 July 2015 to the Resumed Date on the Assets and Liabilities of Lucky Team Hepu, including how the amount due to the Deconsolidated Subsidiaries became approximately RMB365,000,000 as at the Resumed Date; and (iv) the validity and recording accuracy of the net liabilities resumed, represented by the net carrying amount of the Assets and Liabilities, of approximately RMB231,718,000 which was recognised by the Group as an expense in its consolidated profit or loss for the year ended 30 June 2018 and presented in the comparative figures in respect of the preceding year in the consolidated statement of profit or loss of the Group. Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of the Assets and Liabilities recognised on the Resumed Date as disclosed in note 29 and as at 30 June 2018 and the financial performances and cash flows of Lucky Team Hepu included in consolidated profit or loss of the Group for the years ended 30 June 2019 and 2018 were free from material misstatements.

Further, as explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries including Lucky Team Hepu, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the years ended 30 June 2018, 2017 and 2016 and for the current year ended 30 June 2019 up until the respective dates on which the First Disposal and the Last Disposal took effect. Had Lucky Team Hepu been consolidated, the resumption of control over Lucky Team Hepu on 28 September 2017 would not have been recorded and presented in note 29 as an acquisition on the Resumed Date and the loss on resumption of control of approximately RMB231,718,000 would not have been recognised as such in the comparative figures presented in respect of the preceding year in these consolidated financial statements. However, due to the lack of access to complete books and records and management personnel of Lucky Team Hepu prior to the Resumed Date made available to us, we are unable to determine the effects of these matters.

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

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

(xiv) Share premium

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

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

c) Compliance with IFRSs and applicable laws and regulations

As disclosed in note 2 to the consolidated financial statements, the consolidated financial statements of the Group have been prepared by the directors of the Company under the circumstances of limited financial information concerning the books and records of the Deconsolidated Subsidiaries and the lack of response from management of the Deconsolidated Subsidiaries to the requests for information and explanations concerning the books and records of the Deconsolidated Subsidiaries for the relevant periods up until the respective dates on which the First Disposal and the Last Disposal took effect. The Board believed it was not practicable to ascertain the correct amounts and balances of the Deconsolidated Subsidiaries for inclusion in the consolidated financial statements.

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

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

Further, due to the lack of access to complete books and records and management personnel of the Deconsolidated Subsidiaries for the relevant periods up until the respective dates on which the First Disposal and the Last Disposal took effect made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there were any non-compliance with applicable laws and regulations by the Group and the Deconsolidated Subsidiaries during such periods and hence about the completeness of any actual or contingent liabilities in the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there were any unrecorded provisions or undisclosed contingent liabilities and hence whether there were any material misstatements of the consolidated financial statements due to non-compliance with laws and regulations. Any adjustments found to be necessary may have a consequential significant effect on the net liabilities of the Group as at 30 June 2018 and of the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018 and the related disclosures thereof in the consolidated financial statements.

d) **Gain on disposal of subsidiaries**

As disclosed in note 28 to the consolidated financial statements and in the Company's announcements dated 9 May 2019 and 3 June 2019 respectively, the Group completed the First Disposal and the Last Disposal in May 2019 and June 2019 respectively. Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries, which were the main member companies of BPG Food & Beverages Holdings Ltd. and its subsidiaries (the "**BPG Group**") and Newasia Global Limited and its subsidiaries (the "**Newasia Group**"), the Group had to undertake efforts to reconstruct the books and records of the BPG Group and the Newasia Group. As at the date of this report, the reconstruction of the books and records could not be completed, hence the Board considered that the Group still did not have the necessary information about the transactions and account balances of the BPG Group and the Newasia Group for inclusion in the calculation of the gain on disposal of the subsidiaries.

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

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

e) Amounts due to the Deconsolidated Subsidiaries

As disclosed in note 24 to the consolidated financial statements, the Group recorded amounts due to the Deconsolidated Subsidiaries of approximately Nil and RMB571,442,000 as at 30 June 2019 and 2018. As further disclosed in note 2 to the consolidated financial statements, the directors of the Company have been unable to gain access to complete books and records of the Deconsolidated Subsidiaries and have been unable to obtain information and explanations from the management of the Deconsolidated Subsidiaries on matters concerning the books and records of the Deconsolidated Subsidiaries for the relevant periods up until the respective dates on which the First Disposal and the Last Disposal took effect. Due to these factors, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the validity and completeness of the amounts due to the Deconsolidated Subsidiaries as at 30 June 2018 and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the periods from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal tooks effect and during the year ended 30 June 2018 which had not been accounted for in accordance with the requirements of applicable IFRSs and which had not been disclosed or transacted in compliance with the Listing Rules. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts due to the Deconsolidated Subsidiaries as at 30 June 2018, which were recognised in the BPG Group, were free from material misstatements. Any adjustments found to be required may have consequential significant effects on the balances of the amounts due to the Deconsolidated Subsidiaries, the recorded amounts and description of the relevant transactions with the Deconsolidated Subsidiaries for the periods from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect and as at and for the year ended 30 June 2018 and other elements in the consolidated financial statements for the years ended 30 June 2019 and 2018 and hence on the net liabilities of the Group as at 30 June 2018 and profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018 and the related disclosures thereof in the consolidated financial statements.

f) Amounts due from the Deconsolidated Subsidiaries

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

Due to the circumstances as described herein, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves about the validity and completeness of the gross carrying amount of the amounts due from the Deconsolidated Subsidiaries of approximately RMB1,250,898,000 as at 30 June 2018, which were recognised in the Newasia Group, and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the period from 1 July 2018 to the respective dates on which the Last Disposal took effect and during the year ended 30 June 2018 which were not accounted for in accordance with IFRSs or disclosed or otherwise treated in compliance with the applicable Listing Rules. In addition, as impairment assessment on the balances owed by the Deconsolidated Subsidiaries as at the end of the reporting periods could not practicably be carried out by management of the Group under these circumstances, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the recoverable amounts of the balances due from the Deconsolidated Subsidiaries were Nil as at 30 June 2018 and that the impairment loss recognised in respect of the amounts due from the Deconsolidated Subsidiaries was properly assessed in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts due from the Deconsolidated Subsidiaries as at 30 June 2018 and the Nil impairment loss recognised in respect of these amounts due from the Deconsolidated Subsidiaries for the year then ended and for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect were free from material misstatements and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries for the year ended 30 June 2018 and for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect. Any adjustments found to be required may have consequential significant effects on the balances of the amounts due from the Deconsolidated Subsidiaries and the impairment loss in respect thereof, the recorded amounts and description of the relevant transactions entered into with the Deconsolidated Subsidiaries for the year ended 30 June 2018 and for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect and other elements in the consolidated financial statements for the years ended 30 June 2019 and 2018 and hence on the net liabilities of the Group as at 30 June 2018 and the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

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

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

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

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

h) Share options reserve

Included in the consolidated statement of change in equity of the Group for the years ended 30 June 2019 and 2018 were share options reserve with carrying amount of approximately Nil and RMB65,488,000 as at 30 June 2019 and 2018 respectively. During the years ended 30 June 2019 and 2018, the Group transferred an amount of approximately RMB65,488,000 and RMB20,841,000 respectively from share options reserve to accumulated loss for share options lapsed and of approximately Nil and RMB1,211,000 respectively from share options reserve to accumulated loss for share options cancelled. As disclosed in note 2 to the consolidated financial statements, the directors of the Company have been unable to obtain information and explanations from management of the Deconsolidated Subsidiaries on matters concerning the books and records of the Deconsolidated Subsidiaries, including the identity and relationship with the Group of the grantees and whether they were employees of the Group up to the end of the reporting periods. All these share options granted have lapsed as at 30 June 2019. Given these circumstances, the directors of the Company were unable to identify the identities of the grantees and confirm the validity and related amounts recognised in the consolidated financial statements in respect of these share options. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity of the identities of the grantees and recording accuracy of the number and carrying values of share options outstanding as at 30 June 2018 and 1 July 2017; (ii) the validity and recording accuracy of the movements of the share options reserve in respect of the share options lapsed or cancelled during the years ended 30 June 2019 and 2018; and (iii) the basis of determining the amounts of the movements in the share options reserve in respect of share options lapsed of approximately RMB65,488,000 and RMB20,841,000 during the years ended 30 June 2019 and 2018 respectively and share options cancelled of approximately Nil and RMB1,211,000 during the years ended 30 June 2019 and 2018 respectively. Therefore, we were unable to satisfy ourselves as to whether the carrying amount and movements of the share options reserve of the Group as at 30 June 2018 and for the years ended 30 June 2019 and 2018 were free from material misstatements. Any adjustments found to be necessary to the carrying amount or movements may have a consequential significant effect on the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018, balances of the share options reserve as at 30 June 2018 and other elements in the Group's consolidated financial statements for the years ended 30 June 2019 and 2018.

i) Contingent liabilities and commitments

As explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the year ended 30 June 2018 and for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect. Had these subsidiaries been consolidated, the contingent liabilities of the Deconsolidated Subsidiaries and commitments of the Group as disclosed in note 10(b) and note 25 respectively to the consolidated financial statements should include the contingent liabilities and commitments of these subsidiaries.

Further, the contingent liabilities and commitments of these subsidiaries may affect or involve the entities included in the consolidated financial statements. Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the contingent liabilities of the Deconsolidated Subsidiaries and commitments of the Group as disclosed in note 10(b) and note 25 respectively to the consolidated financial statements which related to the Deconsolidated Subsidiaries. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether there existed other material amounts of contingent liabilities and commitments of the Deconsolidated Subsidiaries as at 30 June 2018. Any undisclosed material amounts of contingent liabilities and commitments related to the Deconsolidated Subsidiaries found to be in existence may have consequential significant effects on the fair presentation of the net liabilities of the Group as at 30 June 2018 and the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018 and the related disclosures thereof in the consolidated financial statements.

j) Related party transactions

As explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries, except possibly for Beihai Perfuming Garden and its subsidiaries, in its consolidated financial statements for the years ended 30 June 2018 and for the period from 1 July 2018 to the respective dates on which the First Disposal and the Last Disposal took effect. Had these subsidiaries been consolidated, the related party transactions and balances as disclosed in note 26 to the consolidated financial statements should include the transactions and balances of these subsidiaries with related parties of the Group. Further, the related party transactions and balances of these subsidiaries may affect or involve the entities included in the consolidated financial statements. Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there were material related party transactions and balances of the Deconsolidated Subsidiaries and hence about the completeness of the related party transactions and balances as disclosed in the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there existed material related party transactions and balances of the Deconsolidated Subsidiaries which require disclosure in the consolidated financial statements. Any undisclosed transactions or balances related to the Deconsolidated Subsidiaries found to have occurred or existed may have consequential significant effects on the fair presentation of the net liabilities of the Group as at 30 June 2018 and the profit or loss and other comprehensive income and cash flows of the Group for the years ended 30 June 2019 and 2018 and the related disclosures thereof in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

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

INDEPENDENT AUDITORS' REPORT

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE 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.

The audit committee is 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, in accordance with section 90 of Companies Act 1981 of Bermuda 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 of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit 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 2019,

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of account had been kept for the year ended 30 June 2019.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 30 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2019

	Note	2019 RMB'000	2018 RMB'000
Revenue	8	52,822	54,249
Other income	9	8,595	3,454
Cost of inventories used		(52,162)	(53,628)
Depreciation of property, plant and equipment		(10,421)	(11,884)
Staff costs		(14,616)	(12,849)
Gain on bargain purchase	27	–	30,691
Gain on disposal of subsidiaries	28	580,529	–
Loss arising on re-consolidation of a deconsolidated subsidiary	29	–	(231,718)
Gain arising from changes in fair value of biological assets less costs to sell	18	10,702	32,320
Distribution and other operating expenses		(1,994)	(5,234)
Other general and administrative expenses		(31,839)	(27,193)
Profit/(loss) before tax	11	541,616	(221,792)
Income tax expense	12	–	–
Profit/(loss) for the year attributable to owners of the Company		541,616	(221,792)
		RMB	RMB
Earnings/(loss) per share	15		
– Basic and diluted		0.433	(0.177)

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 2019

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 *RMB'000*	2018 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	16	**82,494**	96,822
Current assets			
Biological assets	18	**5,438**	6,595
Inventories	19	**1,227**	3,609
Trade and other receivables	20	**12,314**	5,204
Cash and cash equivalents	21	**18,262**	54,743
		37,241	70,151
Total assets		**119,735**	166,973
EQUITY AND LIABILITIES			
Equity			
Share capital	22(b)	**12,340**	12,340
Reserves		**93,056**	(445,596)
Total equity/(capital deficiency)		**105,396**	(433,256)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	**2019** *RMB'000*	2018 *RMB'000*
LIABILITIES			
Current liabilities			
Trade and other payables	24	**14,339**	600,229
Total liabilities		**14,339**	600,229
Total equity/(capital deficiency) and liabilities, net		**119,735**	166,973
Net current assets/(liabilities)		**22,902**	(530,078)
Total assets less current liabilities		**105,396**	(433,256)

The consolidated financial statements were approved and authorised to issue by the board of directors on 30 August 2019 and are signed on its behalf by:

Ng Ong Nee
Director

Ng Hoi Yue
Director

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2019

	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*
As at 1 July 2018	12,340	3,711,195	(4,473)	65,488	–	987	(4,218,793)	(433,256)
Impact of initial application of IFRS 9 (note 3)	–	–	–	–	–	–	(166)	(166)
As at 1 July 2018, as restated	12,340	3,711,195	(4,473)	65,488	–	987	(4,218,959)	(433,422)
Profit for the year	–	–	–	–	–	–	541,616	541,616
Other comprehensive (loss)/income:								
Exchange differences on translation of financial statements of foreign operations, net of tax	–	–	–	–	–	(3,297)	–	(3,297)
Reclassification adjustments for exchange differences on translating foreign operations disposed of during the year	–	–	–	–	–	499	–	499
Total comprehensive income for the year	–	–	–	–	–	(2,798)	541,616	538,818
Disposal of subsidiaries (note 28)	–	–	4,473	–	–	–	(4,473)	–
Share options lapsed	–	–	–	(65,488)	–	–	65,488	–
	–	–	4,473	(65,488)	–	(2,798)	602,631	538,818
As at 30 June 2019	12,340	3,711,195	–	–	–	(1,811)	(3,616,328)	105,396

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2019

	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
As at 1 July 2017	12,340	3,698,234	(4,473)	87,540	–	(1,518)	(4,006,092)	(213,969)
Loss for the year	–	–	–	–	–	–	(221,792)	(221,792)
Other comprehensive income:								
Exchange differences on translation of financial statements of foreign operations, net of tax	–	–	–	–	–	2,505	–	2,505
Total comprehensive loss for the year	–	–	–	–	–	2,505	(221,792)	(219,287)
Transfer of share premium *(Note (f))*	–	12,961	–	–	–	–	(12,961)	–
Share options lapsed	–	–	–	(20,841)	–	–	20,841	–
Share options cancelled	–	–	–	(1,211)	–	–	1,211	–
	–	12,961	–	(22,052)	–	2,505	(212,701)	(219,287)
As at 30 June 2018	12,340	3,711,195	(4,473)	65,488	–	987	(4,218,793)	(433,256)

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(m)(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(q).

f) During the year ended 30 June 2018, the Group eliminated the difference, which was related to expenses of issuing new shares of the Company during the initial public offering of the Company borne by certain subsidiaries of the Company and not recharged to the Company, between the recorded balances of the share premium accounts of the Group and the Company as at 1 July 2017 by charging the amount of approximately RMB12,961,000 directly against the Group's accumulated loss attributable to the relevant subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Profit/(loss) before tax		**541,616**	(221,792)
Adjustments for:			
Interest income	9	**(69)**	(77)
Depreciation of property, plant and equipment	16	**10,421**	11,884
Written off of biological assets	18	**1,562**	–
Loss on disposal and written off of property, plant and equipment		**4,948**	2
Impairment loss recognised in respect of trade and other receivables		**192**	–
Gain arising from changes in fair value of biological assets less costs to sell	18	**(10,702)**	(32,320)
Gain on bargain purchase		**–**	(30,691)
Gain on disposal of subsidiaries		**(580,529)**	–
Loss arising on re-consolidation of a deconsolidated subsidiary		**–**	231,718
Operating cash flows before movements in working capital		**(32,561)**	(41,276)
Decrease in biological assets		**10,297**	34,548
Decrease in inventories		**2,382**	3,692
Increase in trade and other receivables		**(8,157)**	(2,342)
Increase in trade and other payables		**1,591**	21,561
Net cash (used in)/generated from operating activities		**(26,448)**	16,183
Investing activities			
Net cash inflow on acquisition of a subsidiary	27	**–**	17,158
Net cash inflow on re-consolidation of a deconsolidated subsidiary	29	**–**	4,109
Net cash outflow on disposal of subsidiaries	28	**(4,696)**	–
Purchase of property, plant and equipment		**(2,202)**	(1,483)
Proceeds from disposal of property, plant and equipment		**4**	30
Interest received		**69**	77
Net cash (used in)/generated from investing activities		**(6,825)**	19,891
Net (decrease)/increase in cash and cash equivalents		**(33,273)**	36,074
Effect of foreign exchange rate changes		**(3,208)**	2,124
Cash and cash equivalents at beginning of the year		**54,743**	16,545
Cash and cash equivalents at end of the year	21	**18,262**	54,743

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 1/F., Ching Cheong Industrial Building, 1-7 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong. Details of substantial shareholders of the Company are disclosed in the sub-section 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 Company and the operating subsidiaries of the Group, and all values are rounded to the nearest thousand (RMB'000) except otherwise indicated.

Details of the principal subsidiaries 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	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company		Principal activities
				2019	2018	
Directly held:						
In-Season Limited	British Virgin Islands ("**BVI**")	Hong Kong	United States Dollar ("**USD**") 1	100%	100%	Investment holding
New Congress Holdings Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
Access Fortune Investments Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
A-One Success Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
Asian Citrus Management Company Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
ACH Green Trees Holdings Limited	Hong Kong	Hong Kong	Hong Kong Dollar ("**HKD**") 10,000	100%	100%	Not commenced business yet
Golden Rain Group Limited	BVI	Hong Kong	USD100	100%	100%	Investment holding
Team Luck Develop Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding
Richfield Enterprise Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. GENERAL INFORMATION *(continued)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Paid up issued/ registered capital	Proportion of ownership interest/voting power held by the Company 2019	2018	Principal activities
Directly held: (continued)						
Jet Bright Group Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding
Win Star Incorporation Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding
Indirectly held:						
Asian Citrus (H.K.) Company Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Victoria Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Chance Full (HK) Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Bright Treasure Group Holdings Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
One Heart Holdings Limited	BVI	Hong Kong	USD100	100%	100%	Investment holding
Golden City Worldwide Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Guangxi Hepu Guanhua Agriculture Co., Ltd.* (廣西合浦冠華農業有限公司) (the "**Agriculture Company**")	PRC	PRC	RMB1,000,000	100%	100%	Planting, cultivation and sale of fruit
Shenzhen First Class Fruits Company Limited* (深圳市冠華水果商城有限公司)	PRC	PRC	Nil	100%	100%	Distribution of fruit

* Established in the PRC as wholly foreign-owned enterprise

Δ For identification purposes only

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

2. BASIS OF PREPARATION

The consolidated financial statements as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (collectively, the "**Group**"). Details of the subsidiaries are set out in note 1.

Deconsolidation of subsidiaries

As disclosed in the consolidated financial statements for the previous years, during the audit process in respect of the audit of the consolidated financial statements of the Group for the year ended 30 June 2016, HLB Hodgson Impey Cheng Limited, the auditors of the Company, (the "**Auditors**") reported to the Company that it had received written correspondences which appeared to be sent by a person named Chen Deqiang* (陳德強) ("**Chen Deqiang**"), who was a finance manager of certain PRC subsidiaries of the Company at the relevant time and asserted in the correspondences that he was acting on behalf of Man Guifu* (滿桂富) ("**Man Guifu**"), who was (1) a minority shareholder, director and general manager of Beihai Perfuming Garden Juice Co., Ltd.* (北海市果香園果汁有限公司) ("**Beihai Perfuming Garden**"), a PRC subsidiary of the Company; and (2) holder of positions in some other PRC subsidiaries of the Company. In the correspondences, it was indicated to the Auditors that certain amounts or balances in the internal records of certain customers and suppliers did not correspond to the internal records of Hepu Perfuming Garden Food Co., Ltd.* (合浦果香園食品有限公司) for the year ended 30 June 2016 ("**Chen Deqiang's Allegation**"). Further details of these matters were disclosed in the Company's announcement dated 29 September 2016.

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

In June 2017, the Company was made aware of service of proceedings from a court in the PRC whereby Man Guifu had commenced legal proceedings against Chance Lead Holdings Limited ("**Chance Lead**"), a subsidiary of the Company and the immediate holding company of Beihai Perfuming Garden, alleging that he had the right to require Chance Lead to transfer 46.14% equity interests in Beihai Perfuming Garden to him pursuant to certain contractual arrangements alleged to have been executed by Chance Lead, Man Guifu and the previous shareholders of Beihai Perfuming Garden in February 2010 (the "**Arrangements**"). Furthermore, the Company was made aware of a court order in the PRC requiring Tianyang Perfuming Garden Food Industrial Co. Ltd.* (田陽果香園食品工業有限公司) ("**Tianyang Perfuming Garden**"), a PRC subsidiary of the Company, to repay a loan of RMB17 million and the interest in arrears. Based on the court documents received, the directors of the Company substantiated the allegations to be that Tianyang Perfuming Garden had allegedly entered into a loan facility agreement with a person called Xue Zhen* (薛珍) ("**Xue Zhen**") on 1 June 2016 in respect of a loan which amounted to RMB17 million with interest rate of 6% per annum. It is alleged that such loan and the interests were due for repayment. It is further alleged that Tianyang Perfuming Garden had also pledged two pieces of land to Xue Zhen as security for the loan but such pledge had not been registered with the PRC authorities (the "**Tianyang Perfuming Garden Proceeding**") (hereinafter, the Arrangements, the Tianyang Perfuming Garden Proceeding, Chen Deqiang's Allegation and Man Guifu's Allegation are collectively referred to as the "**Allegations**"). The board of directors of the Company (the "**Board**") had, after becoming aware of the legal proceedings, made enquiries with Tianyang Perfuming Garden in connection with information related to this loan, but Tianyang Perfuming Garden (of which, to the Company's knowledge, the senior management included Huang Xin, Pang Yi, Man Guifu and Wang Jia Yi) did not respond or cooperate. The Company had also instructed its PRC legal advisers to attend the office of Tianyang Perfuming Garden to exercise its shareholders' right and make enquiries. Nevertheless the management of Tianyang Perfuming Garden refused to cooperate. Further details of these matters were disclosed in the Company's announcement dated 30 June 2017.

* *For identification purposes only*

2. BASIS OF PREPARATION *(continued)*

Deconsolidation of subsidiaries *(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 "**Listing Rules**") and Alternative Investment Market ("**AIM**") Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange. Consequently, the shares of the Company were suspended from trading on the HKEx and the AIM with effect from 29 September 2016 (Hong Kong time) and 28 September 2016 (UK time) respectively. As disclosed in the Company's announcement dated 27 March 2017, the London Stock Exchange would cancel the admission of AIM securities where these securities had been suspended from trading for 6 months and as such the Company's shares would be cancelled from trading on AIM with effect from 29 March 2017, being the date that is 6 months from the date when the shares were initially suspended.

The directors of the Company have initiated and tried to establish communications with Man Guifu and Chen Deqiang as well as other senior management of the Company's subsidiaries established in the PRC (except for Guangzhou Asian Citrus Investment Consulting Co., Ltd.* (廣州市亞機果投資諮詢有限公司), the Agriculture Company and Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司)) (the "**PRC Subsidiaries**") with a view to clarify details in connection with the Allegations. The Group had initiated formal legal procedures to change the relevant senior management members of the PRC Subsidiaries. After taking legal advice from a PRC lawyer, the Group considered that the implementation of such changes might take a prolonged time and cause undue delay. Up to the dates of approval of the previously issued consolidated financial statements for the years ended 30 June 2016, 2017 and 2018, (i) the Group had not yet received any of the requested information from Man Guifu and Chen Deqiang in respect of the Allegations which were required for the proper finalisation of the consolidated financial statements of the Group; and (ii) the relevant legal procedures to change the senior management members of the PRC subsidiaries were still pending. Further details of these matters were disclosed in the Company's announcements dated 8 November 2016, 8 December 2016, 6 January 2017, 27 January 2017, 27 February 2017, 15 March 2017, 27 March 2017, 30 June 2017 and 29 September 2017.

* *For identification purposes only*

2. BASIS OF PREPARATION *(continued)*

Deconsolidation of subsidiaries *(continued)*

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

As disclosed in note 28 to the consolidated financial statements, on 9 May 2019 and 3 June 2019 (the "**Disposal Dates**"), the Group completed the disposal of the entire equity interests in BPG Food & Beverage Co., Ltd. and its subsidiaries (the "**BPG Group**") and Newasia Global Limited and its subsidiaries (the "**Newasia Group**") respectively. Given the circumstances that the directors of the Company have not been able to have access to complete books and records of the PRC subsidiaries (the "**Disposed PRC Subsidiaries**"), which are subsidiaries held under the BPG Group and the Newasia Group, and in the absence of Man Guifu, Chen Deqiang and the management of the Disposed PRC Subsidiaries to explain and validate the true state of affairs and financial performances of the Disposed PRC Subsidiaries up to and as at the Disposal Dates, the directors of the Company considered it would be extremely difficult and time consuming to ascertain the true and correct financial position and profit or loss of the BPG Group and the Newasia Group as of the Disposal Dates and for the period from 1 July 2018 to the Disposal Dates respectively or to obtain sufficient documentary information to satisfy themselves regarding the true and fair presentation of the transactions of these groups of companies during the period from 1 July 2018 to the Disposal Dates and of the various account balances of these groups of companies as at the Disposal Dates respectively. As at the date of approval of the consolidated financial statements of the Group, the directors of the Company are satisfied that the Group has used its best efforts, to the extent commercially practicable, to attempt to obtain the accounting records of the Disposed PRC Subsidiaries for the past years and up to their respective Disposal Dates, applying the best estimates and judgement based on the information of the BPG Group and the Newasia Group that are available to the directors of the Company. In the opinion of the Board, any reconstruction of the correct accounting records would be impracticable as it will be necessary to verify the information with external and independent sources and such sources may not be available or may be unreliable due to their connections with the management of the Disposed PRC Subsidiaries or those responsible for the financial information within and outside of the BPG Group and the Newasia Group.

Given these circumstances, the Board has determined that the Group will continue with not consolidating the financial statements of the PRC Subsidiaries except for Lucky Team Hepu, which the Group's control was resumed on 28 September 2017 and of which the financial statements were re-consolidated into the group since then (hereinafter also referred to as the "**Deconsolidated Subsidiaries**") with effect from 1 July 2015. As such, the results, assets and liabilities of the Deconsolidated Subsidiaries have not been included into the consolidated financial statements of the Group since 1 July 2015. The deconsolidation of the Deconsolidated Subsidiaries had resulted in a loss of approximately RMB3,935,432,000, which was determined based on the carrying amounts of the assets and liabilities of the Deconsolidated Subsidiaries brought forward as at 1 July 2015. This loss had been recognised in the consolidated statement of profit or loss of the Group for the year ended 30 June 2016 and presented as loss arising from the Incidents. Certain financial information related to the Deconsolidated Subsidiaries are set out in note 10 to the consolidated financial statements.

2. BASIS OF PREPARATION *(continued)*

Deconsolidation of subsidiaries *(continued)*

In the opinion of the directors of the Company, the preparation of the consolidated financial statements of the Group for the year ended 30 June 2019 using the aforementioned basis is the most appropriate and practical way of presenting the results, cash flows and state of affairs of the Group as the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the transactions and balances related to the Deconsolidated Subsidiaries. However, the deconsolidation of the Deconsolidated Subsidiaries is not in compliance with the requirements of International Financial Reporting Standard ("**IFRS**") 10 "Consolidated Financial Statements". Given the abovementioned circumstances, the directors of the Company are unable to ascertain the impact of the Incidents with respect to the accounting records and transactions of the Deconsolidated Subsidiaries, if any, and hence how much of the reported loss arising from the Incidents related solely to the impact of deconsolidation of the Deconsolidated Subsidiaries. Furthermore, the comparative financial information disclosed in the consolidated financial statements only represents such information as reported in the consolidated financial statements of the Group for the year ended 30 June 2018 (the "**2018 Financial Statements**") and therefore may not be comparable with the figures for the current year.

Due to limited books of account and records available to the directors of the Company and the non-consolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015 and up to their respective Disposal Dates, the following disclosures have not been made in the consolidated financial statements insofar as the details or information relate to the Deconsolidated Subsidiaries as at and for the years ended 30 June 2019 and 2018:

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

Further, for the same reasons as those stated above, the Board is unable to assert that all transactions entered into by the Group for the period from 1 July 2018 to the Disposal Dates have been properly reflected in the consolidated financial statements. In this connection, the Board is also unable to assert as to the completeness, existence and accuracy of the identification, presentation and disclosures of segment information in note 7, revenue in note 8, other income in note 9, loss arising from the Incidents in note 10, profit/(loss) before tax in note 11, income tax expense in note 12, directors' emoluments in note 13, individuals with highest emoluments in note 14, earnings/(loss) per share in note 15, property, plant and equipment in note 16, prepayment for acquisition of a subsidiary in note 17, biological assets in note 18, inventories in note 19, trade and other receivables in note 20, cash and cash equivalents in note 21, capital, reserves and dividends in note 22, share-based payments in note 23, trade and other payables in note 24, capital commitments in note 25, related party transactions in note 26, acquisition of a subsidiary in note 27, gain on disposal of subsidiaries in note 28, re-consolidation of a deconsolidated subsidiary in note 29 and statement of financial position of the Company in note 30 insofar as the details or information relate to the Deconsolidated Subsidiaries.

2. BASIS OF PREPARATION *(continued)*

Going concern basis of accounting

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

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

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

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

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

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

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

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

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

(a) New and amendments to IFRSs that are mandatorily effective for the current year

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

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

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

Impact on opening consolidated statement of financial position

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

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

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 30 June 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 July 2018 as disclosed above.

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

(a) New and amendments to IFRSs that are mandatorily effective for the current year *(continued)*

IFRS 15 Revenue from Contracts with Customers

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

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

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

- Planting, cultivation and sale of agricultural produce
- Distribution of various fruit

Information about the Group's accounting policies and performance obligations resulting from application of IFRS 15 are disclosed in notes 4 and 8 respectively.

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

IFRS 9 Financial Instruments

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

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

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

(a) New and amendments to IFRSs that are mandatorily effective for the current year *(continued)*

IFRS 9 Financial Instruments (continued)

Summary of effect arising from initial application of IFRS 9

Classification and measured of financial assets and financial liabilities

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

Impairment under ECL model

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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 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 and operating cash flows respectively by the Group.

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

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

IFRS 16 Leases (continued)

Under IAS 17 the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, 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 2019, the Group has non-cancellable operating lease commitments of approximately RMB2,864,000 as disclosed in note 25 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, 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.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of IFRS 16 as lease and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

Except disclosed above, the directors of the Company do not anticipate that the application of other new and revised IFRSs will have a material impact on the Group's financial performance and financial positions.

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.

The consolidated financial statements have been prepared under the historical cost basis, except for 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and 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 statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

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.

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

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 loss 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 IFRS 9/IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(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 acquiree 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Business combinations *(continued)*

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.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

(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 (the "**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. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU or any of the CGU within the group of CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGU), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGU) retained.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent impairment losses, if any.

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%
Furniture, fixtures and equipment	5% to 33.33%
Motor vehicles	20% to 33.33%
Farmland infrastructure and machinery	5% to 33.33%
Bearer plants	10 years to 17 years

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.

(f) 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, if any. 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.

(g) 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) 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. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amount of its tangible assets with finite useful lives determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible assets is estimated individually, when it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(i) Inventories

Inventories, including agricultural produce, are stated at the lower of cost and net realisable value. The cost of inventories is computed using first-in, first-out 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.

(j) Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, which are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 since 1 July 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points 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 financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Financial assets (continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("**FVTOCI**") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables (excluding prepayments) and bank balances). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m-ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period.

Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m-ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3) (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3) (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3) (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments;
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 July 2018)

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Financial assets (continued)

Loans and receivables (continued)

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of IFRS 9 on 1 July 2018)

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(l) Financial liabilities and equity instruments

Classification as debts or equity

Debts and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity 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 at amortised cost

Financial liabilities including trade and other payables (excluding receipt in advance) measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. 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)*

(m) 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.

(n) 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)*

(n) 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.

(o) 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)*

(p) Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 3)

Under IFRS 15, the Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 3) *(continued)*

Planting, cultivation and sale of agricultural produce and distribution of other fruit

Revenue from planting, cultivation and sale of agricultural produce and distribution of other fruit is recognised at a point in time when control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the product and collectability of the related receivables is reasonably assured.

Principal versus agent consideration

Determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group is a principal and obtains control any of the following: (i) a good or another asset from the other party that the Group then transfers to the customer; (ii) a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf; (iii) a good or service from the other party that the Group then combines with other goods or services in providing the specified good or service to the customer. If control is unclear, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from products sold or services provided.

The Group has evaluated the roles and responsibilities of the Group and the agents in rendering the relevant services and concluded that the Group has the primarily obligation in rendering the services and has the sole latitude in establishing prices. Accordingly, the Group records the revenue driven through agents on a gross basis, and the commissions paid to those agents are records as sale commission as included in selling and marketing expenses.

Revenue recognition (prior to 1 July 2018)

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) 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.

(r) 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.

Government grants relating to assets, the fair values are credited to deferred income account and are released to profit or loss over the expected useful life of the relevant assets by equal annual instalments or deducted from the carrying amount of the assets and released to profit or loss by way of reduced depreciation charges.

(s) Biological assets

Biological assets consist of the growing produce before harvest on citrus trees. Citrus trees are bearer plants and are accounted for as property, plant and equipment.

The growing produce on citrus trees are the growing oranges of the Group on the cultivation bases. These biological assets are measured at fair value less costs to sell on initial recognition and at the end of each reporting period, except where fair value cannot be measured reliably due to unavailability of quoted market prices and no reliable alternative estimates exist to determine fair value, in which case the assets are carried at cost less impairment loss. Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell and changes in fair value are recognised in profit or loss.

The agricultural produce harvested from citrus trees is measured at fair value less costs to sell at the time of harvest, which is determined based on market prices of similar agricultural produce prevailing in the market as at or close to the harvest dates in the local market. The fair value less costs to sell at the time of harvest is deemed as the cost of the inventories for sales. Costs to sell are the incremental costs directly attributable to sell the assets but excludes finance costs and income taxes.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Biological assets *(continued)*

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 consolidated profit or loss for the period in which it arises.

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

(t) 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.

(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. If the Group is itself such a plan, the sponsoring employers are also 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); or

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Related parties *(continued)*

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.

(u) 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 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 followings are 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 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. If the actual useful lives of property, plants and equipment are less than the original estimate useful lives due to changes for the remaining useful lives, such difference will impact the depreciation charge for the remaining useful lives.

The Group determines the useful lives, residual values and related depreciation charges for the Group's bearer plants. This estimate is based on the historical experience of actual useful lives and residual values of bearer plants of particular species. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

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.

Fair values of biological assets

Management estimates the fair value of biological assets (growing produce) less costs to sell at the end of the reporting period with reference to the recent market prices of the harvested agricultural produce and further costs to be incurred up to the harvesting of the produce, except where fair value cannot be measured reliably due to unavailability of quoted market prices and no reliable alternative estimates exist to determine fair value, in which case the assets are carried at cost less accumulated impairment losses.

Management assesses the fair value of agricultural produce less costs to sell at point of harvest based on market price of similar agricultural produce prevailing in the market as at or close to the harvest date, or valuation from independent appraiser.

Unexpected volatility in market prices of the underlying biological assets (growing produce) and agricultural produce could significantly affect the fair value of these biological assets and result in fair value remeasurement changes in future accounting periods.

The Group's business is subject to the usual agricultural hazards from fire, wind, insects and other natural phenomena/occurrences. Forces of nature such as temperature and rainfall may also affect harvest efficiency. Management considers adequate measures are in place, in minimising the negative impacts from natural disaster, if any. Nevertheless, unexpected factors affecting harvestable agricultural produce may result in re-measurement or changes in harvests in future accounting periods.

Estimated impairment of financial assets at amortised cost

The loss allowances for financial assets are estimated based on assumptions about risk of default and expected loss rates. The Group use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, which is also used for the measurement of the fair value of the agricultural produce at the point of harvest as the agricultural produce are sold soon after they are harvested. The fair value of the agricultural produce at the point of harvest represents current market price of similar oranges prevailing in the market as at or close to the harvest dates. As market prices of agricultural produce could be changed significantly as a result of changes in current market conditions, the Group assesses the market conditions at the relevant times to determine whether the fair value of the agricultural produce at the point of harvest is the consideration received or receivable from the sale of the harvested agricultural produce.

Income tax

The Group is subject to Hong Kong profits tax and the PRC enterprise income tax. Judgement is required in determining the provision for income tax. There are transactions during the ordinary course of business, for which calculation of the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Recognition of deferred tax depends on the management's expectation of future taxable profit that will be available. The outcome of their actual utilisation may be different.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Categories of financial instruments

	2019 RMB'000	2018 RMB'000
Financial assets		
Financial assets at amortised costs	30,076	–
Loans and receivables	–	59,111
Financial liabilities		
Financial liabilities at amortised cost	(14,339)	(593,049)

(b) Financial risk management objectives and policies

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

The risks associated with these financial instruments include market risks (foreign 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) Foreign currency risk

The Group is exposed to foreign currency risk primarily through its trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables (excluding receipt in advance) that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily HKD.

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 foreign currency risk

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

	Assets		Liabilities	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
HKD	4,275	4,873	5,682	9,876

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

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

Market risk (continued)

(i) Foreign 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.

	2019			2018		
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit 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%	(274)	–	10%	452	–
	(10%)	274	–	(10%)	(452)	–

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 2018.

(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 RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

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

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables (excluding prepayments) 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.

Trade receivables

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. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 (2018: incurred loss model) on trade balances from its trade customers based on provision matrix.

The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 75.7% (2018: 100%) of the total trade receivables was due from the Group's largest debtor.

The Group applies IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

As at 30 June 2019, the balance of loss allowance in respect of the trade receivable was RMB34,000 based on expected loss rates of up to 4.35% applied on different groupings.

Deposits paid and other receivables

The Group performs impairment assessment under ECL model upon application of IFRS 9 (2018: incurred loss model) on deposits paid and other receivables based on 12m-ECL. Deposits paid and other receivables have been grouped based on shared credit risk characteristics and the days past due. As at 30 June 2019, the Group has assessed deposits paid and other receivables with gross amount of approximately RMB359,000 within 12m-ECL based on average expected loss rates of 1.71% and a loss allowance of approximately RMB6,000 was recognised. The remaining gross amount of approximately RMB9,951,000 was considered credit-impaired as the amount was past due over 90 days and was assessed individually within lifetime ECL. Loss allowance of approximately RMB298,000 was recognised based on expected loss rate of 3.00%.

Cash and cash equivalents

The credit risk on bank balances is limited because the majority of the counterparties are reputable banks or banks with high credit-ratings assigned by international credit-rating agencies.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

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

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:

2019	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	**(14,339)**	**(14,339)**	**(14,339)**	**–**	**–**

2018	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	(593,049)	(593,049)	(593,049)	–	–

(c) Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities carried at cost or amortised cost were not materially different from their respective fair values.

7. SEGMENT INFORMATION

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

Plantation Operation – Planting, cultivation and sale of agricultural produce

Fruit Distribution Operation – Distribution of various fruit

7. SEGMENT INFORMATION *(continued)*

Segment results, assets and liabilities

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

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

The accounting policies of operating segments are the same as the Group's accounting policies as described in note 4. Segment results represents the gain/(loss) from each segment without allocation of partial other income, gain on bargain purchase, gain on disposal of subsidiaries, loss arising on re-consolidation of a deconsolidated subsidiary, central administration costs and directors' emoluments. This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

There were no inter-segment revenue in both years.

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

7. SEGMENT INFORMATION *(continued)*

Other Segment Information

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

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

Geographical information

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

Information about major customers

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

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

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

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

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

8. REVENUE

For the year ended 30 June 2019

Disaggregation of revenue from contracts with customers

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

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

	RMB'000
Sales of oranges	49,047
Sales of other fruit	3,775
Total revenue	52,822

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

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

For the year ended 30 June 2018

	RMB'000
Sales of oranges	54,249

9. OTHER INCOME

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

Note:

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

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. "Loss arising from the Incidents" of approximately RMB3,935,432,000 and impairment losses on amounts due from Deconsolidated Subsidiaries of approximately RMB1,250,898,000 were recognised in the consolidated statement of profit or loss for the year ended 30 June 2016.

For the purposes of the consolidated financial statements, in view of the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015, all references to the "Group" refer to the Company and its subsidiaries excluding the Deconsolidated Subsidiaries if the words "the Group" are used in respect of the year ended or as at 30 June 2018 and up to the dates on which the Deconsolidated Subsidiaries have been disposed of. Details of the disposal are set out in note 28 to the consolidated financial statements.

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

	RMB'000
Trade and other payables	571,442

(b) Contingent liabilities

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

On or about 30 January 2018, the Group received three writs of summon issued by Guangxi Zhuang Autonomous Region Beihai City Intermediate People's Court (廣西壯族自治區北海市中級人民法院) on 10 January 2018 against (i) the Company; (ii) BPG Food & Beverage Holdings Ltd. (果香園食品控股有限公司); and (iii) Wealth Elite Investments Limited (鑫卓投資有限公司) requiring each to, among others, attend a court hearing scheduled on 13 March 2018 in respect of the BPG Shareholders' Dispute. The parties' submissions regarding verification of evidence were heard during the court held on 13 March 2018. As disclosed in the announcement of the Company dated 15 January 2019, the Company was notified of a judgment (the "**First Instance Judgment**") issued by Beihai City Intermediate People's Court (北海市中級人民法院) on the BPG Shareholders' Dispute pursuant to which the court ruled, among others, that Man Guifu is entitled to 46.14% equity interests in Beihai Perfuming Garden held by Chance Lead and that Chance Lead shall cooperate with Man Guifu to effect the equity transfer registration. Chance Lead then lodged a request for an appeal of the ruling of the First Instance Judgment.

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

(b) Contingent liabilities *(continued)*

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

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

11. PROFIT/(LOSS) BEFORE TAX

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

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

12. INCOME TAX EXPENSE

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

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

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

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

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

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

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

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

(iv) PRC withholding income tax

Under the PRC tax laws, profits of the Group's subsidiaries in the PRC derived since 1 January 2008 is subject to withholding income tax upon the distribution of such profits at the rate of 5% for foreign investors or companies incorporated in Hong Kong and at the rate of 10% for other foreign investors. Pursuant to the grandfathering arrangements of the PRC tax law, dividends receivable by the Group from its subsidiaries in the PRC in respect of the undistributed profits derived prior to 31 December 2007 are exempt from the withholding income tax. As at 30 June 2019, the Group has no unremitted profit of the subsidiaries in the PRC (2018: Nil, due to the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015) as the Deconsolidated Subsidiaries have been disposed of during the year.

12. INCOME TAX EXPENSE *(continued)*

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

	2019 RMB'000	2018 RMB'000
Profit/(loss) before tax	541,616	(221,792)
Tax calculated at tax rates applicable to the jurisdictions concerned	88,237	(39,991)
Tax effect of non-deductible expenses	7,567	54,737
Tax effect of non-taxable income	(95,804)	(14,746)
Income 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		Retirement scheme contribution		Total	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Directors' emoluments								
Executive directors								
Mr. Ng Ong Nee *(Chairman and Chief Executive Officer)*	–	–	2,755	2,532	–	–	2,755	2,532
Mr. Ng Hoi Yue *(Deputy Chief Executive)*	–	–	1,633	1,650	16	15	1,649	1,665
Non-executive directors								
Mr. He Xiaohong	318	297	–	–	–	–	318	297
Independent non-executive directors								
Mr. Chung Koon Yan	212	198	–	–	–	–	212	198
Dr. Lui Ming Wah, PhD, SBS, JP	212	198	–	–	–	–	212	198
Mr. Yang Zhen Han	212	198	–	–	–	–	212	198
	954	891	4,388	4,182	16	15	5,358	5,088

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the year included two (2018: two) directors, details of which are set out in note 13 above. The emoluments in respect of the remaining three (2018: three) highest paid individuals are as follows:

	2019 *RMB'000*	2018 *RMB'000*
Salaries, wages and other benefits	2,367	1,741
Retirement scheme contribution	32	45
	2,399	1,786

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 (2018: Nil).

The number of three (2018: three) employees with the highest emoluments fell within the following band:

	2019	2018
Nil to RMB1,000,000	2	3
RMB1,000,001 to RMB1,500,000	1	0

15. EARNINGS/(LOSS) PER SHARE

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

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

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

16. PROPERTY, PLANT AND EQUIPMENT

	Construction-in-progress RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Farmland infrastructure and machinery RMB'000	Bearer plants RMB'000	Total RMB'000
Cost								
As at 1 July 2017	–	–	3,379	1,745	2,929	–	–	8,053
Additions	140	–	478	459	406	–	–	1,483
Disposals	–	–	–	(69)	–	–	–	(69)
Re-consolidation of a deconsolidated subsidiary	–	28,137	816	3,819	242	93,084	52,950	179,048
Exchange alignment	–	–	(85)	(78)	(162)	–	–	(325)
As at 30 June 2018 and 1 July 2018	140	28,137	4,588	5,876	3,415	93,084	52,950	188,190
Additions	–	–	90	195	8	841	1,068	2,202
Transfer	(140)	–	140	–	–	–	–	–
Disposal and written off	–	(800)	–	(708)	(280)	(4,138)	(583)	(6,509)
Disposal of subsidiaries (note 28)	–	–	–	(168)	–	(1,191)	–	(1,359)
Exchange alignment	–	–	–	(196)	(187)	–	–	(383)
As at 30 June 2019	**–**	**27,337**	**4,818**	**4,999**	**2,956**	**88,596**	**53,435**	**182,141**
Accumulated depreciation and impairment								
As at 1 July 2017	–	–	775	683	1,796	–	–	3,254
Charge for the year	–	700	1,105	751	516	5,389	3,423	11,884
Written back upon disposals	–	–	–	(37)	–	–	–	(37)
Re-consolidation of a deconsolidated subsidiary	–	8,572	284	2,188	223	65,106	–	76,373
Exchange alignment	–	–	8	(22)	(92)	–	–	(106)
As at 30 June 2018 and 1 July 2018	–	9,272	2,172	3,563	2,443	70,495	3,423	91,368
Charge for the year	–	861	1,265	496	490	2,947	4,362	10,421
Written back upon disposal and written off	–	–	–	(704)	(270)	–	(583)	(1,557)
Disposal of subsidiaries (note 28)	–	–	–	(60)	–	(427)	–	(487)
Exchange alignment	–	–	–	(169)	71	–	–	(98)
As at 30 June 2019	**–**	**10,133**	**3,437**	**3,126**	**2,734**	**73,015**	**7,202**	**99,647**
Carrying amounts								
As at 30 June 2019	**–**	**17,204**	**1,381**	**1,873**	**222**	**15,581**	**46,233**	**82,494**
As at 30 June 2018	140	18,865	2,416	2,313	972	22,589	49,527	96,822

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Property, plant and equipment with carrying amounts of approximately RMB2,250,979,000 brought forward as at 1 July 2015, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015. The Deconsolidated Subsidiaries have been disposed of during the year.

The quantity of citrus trees owned by the Group at the end of the reporting period is as follow:

	2019	2018
Citrus trees	**341,316**	379,820

17. 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, beliefs 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 Acquisition**"). The Agriculture Company was principally engaged in the operation of cultivation management and sale of oranges.

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

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

On 18 September 2017, the legal title of the equity interests of the Agriculture Company changed to the Company's wholly-owned subsidiary and the legal representative of the Agriculture Company also changed to the Company's nominated representative, both of which were reflected on public records of the State Administration for Industry and Commerce (the "**SAIC**") at Beihai City and Hepu County of the PRC with effect from that date. RMB100,000 of the consideration sum was paid on 3 January 2017 upon entering into the sale and purchase agreement and the remaining balance of RMB900,000 was settled on 18 May 2017 in accordance with the terms of agreement of the Agriculture Company Acquisition. The Agriculture Company Acquisition was completed on 18 September 2017 and the prepaid consideration has been recognised as cost of acquisition of the Agriculture Company upon completion of the Agriculture Company Acquisition. Details of which are set out in note 27.

18. BIOLOGICAL ASSETS

	2019 *RMB'000*	2018 *RMB'000*
At beginning of the year	**6,595**	–
Acquisition of the Agriculture Company *(note 27)*	**–**	8,823
Increase due to cultivation	**22,970**	19,080
Gain from changes in fair value less costs to sell	**10,702**	32,320
Written off of biological assets	**(1,562)**	–
Decrease due to harvested	**(33,267)**	(53,628)
At the end of the year	**5,438**	6,595

Notes:

(a) During the year ended 30 June 2019, the Group harvested approximately 13,575 tonnes (2018: 18,279 tonnes) and Nil (2018: Nil) tonnes of oranges and dragon fruit respectively. The directors of the Company measured the fair value less costs to sell of oranges at the point of harvest based on market prices as at or close to the harvest dates.

(b) All oranges were harvested annually from December to June. The growing oranges and dragon fruit cultivated by the Agriculture Company were in premature stage as at 30 June 2019, future economic benefit and expected harvest quantity could not be reliably estimated for fair value measurement as this would involve adoption of subjective assumptions, such as weather conditions, natural disaster and effectiveness of fertilizers and pesticides. As such, the directors of the Company considered that the fair value of these oranges and dragon fruit at the end of the reporting period could not be measured reliably and no reliable alternative estimates existed to determine their fair value. Therefore, these oranges and dragon fruit with carrying amount of approximately RMB5,402,000 (2018: RMB5,198,000) and RMB36,000 (2018: Nil) respectively were stated at cost as at 30 June 2019, representing cultivation cost incurred, mainly including fertilisers, pesticides and labour costs.

As at 30 June 2018, the remaining oranges were measured at fair value at the point of harvest using market approach. The closing balances of biological assets included oranges growing on the citrus trees which were harvested shortly subsequent to the end of the reporting period whose fair value was estimated at approximately RMB1,397,000 with reference with the current market price of the oranges at the end of the reporting period, which was categorised as a level 2 fair value measurement.

There were no transfers between level 1, 2 and 3 of the fair value measurement hierarchy in the current and prior years.

The Group is exposed to a number of risks related to its plantation:

(1) Regulatory and environmental risks

The Group is subject to laws and regulations in the jurisdiction in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

(2) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of oranges and dragon fruit. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

18. BIOLOGICAL ASSETS *(continued)*

The Group is exposed to a number of risks related to its plantation: *(continued)*

(3) Climate and other risks

The Group's orange plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed to minimise those risks, including regular forest health inspections and industry pest and disease surveys.

(4) Price risk

The Group is exposed to price risks arising from changes in orange and dragon fruit prices. The Group does not anticipate that orange and dragon fruit prices will decline significantly in the foreseeable future. The Group reviews its outlook for orange and dragon fruit prices regularly in considering the need for active price risk management.

Biological assets comprising bearer plants and agricultural produce growing on the bearer plants with aggregate carrying amounts of approximately RMB1,596,782,000 brought forward as at 1 July 2015, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon the deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015. The Deconsolidated Subsidiaries have been disposed of during the year.

19. INVENTORIES

	2019 ***RMB'000***	2018 *RMB'000*
Raw materials	**1,227**	3,377
Agricultural produce	**–**	232
	1,227	3,609

Inventories with net carrying amount of approximately RMB106,033,000 brought forward as at 1 July 2015, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015. The Deconsolidated Subsidiaries have been disposed of during the year.

20. TRADE AND OTHER RECEIVABLES

	Note	2019 RMB'000	2018 RMB'000
Trade receivables		1,842	276
Less: Allowance for credit losses		(34)	–
		1,808	276
Deposits paid and other receivables	(i)	10,310	4,092
Prepayments		500	836
		10,810	4,928
Less: Allowance for credit losses		(304)	–
		10,506	4,928
Total trade and other receivables, net of allowance for credit losses		12,314	5,204

Note:

(i) As at 30 June 2019, deposits paid and other receivables mainly represents amount due from Lucky Team Hepu, which ceased to be a subsidiary of the Group on 3 June 2019 upon the completion of the disposal of entire issued share capital of Newasia Global Limited.

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

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

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

Movement in the allowance for credit losses of trade receivables is as follow:

	Lifetime ECL (not credit-impaired) RMB'000
As at 30 June 2018 under IAS 39	–
Adjustment upon application of IFRS 9	4
As at 1 July 2018 – as restated	4
Impairment losses reversed	(4)
Impairment losses recognised	34
As at 30 June 2019	34

20. TRADE AND OTHER RECEIVABLES *(continued)*

The Group does not hold any other collateral or other credit enhancements over these balances.

Movement in the allowance for credit losses of deposits paid and other receivables is as follow:

	RMB'000
As at 30 June 2018 under IAS 39	–
Adjustment upon application of IFRS 9	162
As at 1 July 2018 – as restated	162
Impairment losses reversed	(142)
Disposal of subsidiaries	(20)
Impairment losses recognised	304
As at 30 June 2019	304

The Group does not hold any collateral over these balances.

Comparative information under IAS 39

The ageing analysis of trade receivables that are past due but not impaired was as follows:

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

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

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

Details of impairment assessment of trade and other receivables for the year ended 30 June 2019 are set out in note 6 to the consolidated financial statements.

21. CASH AND CASH EQUIVALENTS

	2019 RMB'000	2018 RMB'000
Cash at bank and on hand	**18,262**	54,743

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group's cash and cash equivalents denominated in RMB of approximately RMB1,000 (2018: RMB2,000) located in Hong Kong which are not subject to the foreign exchange control.

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.

Cash and cash equivalents with carrying amount of approximately RMB864,883,000 brought forward as at 1 July 2015, which were recorded in the Deconsolidated Subsidiaries, were derecognised from the Group's consolidated financial statements upon deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2015. The Deconsolidated Subsidiaries have been disposed of during the year.

22. 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	Accumulated losses RMB'000	Total RMB'000
As at 1 July 2017	3,711,195	87,540	(3,832,782)	(34,047)
Loss and total comprehensive loss for the year	–	–	(23,134)	(23,134)
Share options lapsed	–	(20,841)	20,841	–
Share options cancelled	–	(1,211)	1,211	–
As at 30 June 2018 and 1 July 2018	3,711,195	65,488	(3,833,864)	(57,181)
Profit and total comprehensive income for the year	–	–	41,665	41,665
Share options lapsed	–	(65,488)	65,488	–
As at 30 June 2019	**3,711,195**	**–**	**(3,726,711)**	**(15,516)**

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

(b) Share capital

	Number of shares	*HKD'000*	*RMB'000*
Authorised:			
Ordinary shares of HKD0.01 each			
As at 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	2,000,000,000	20,000	20,900
Issued and fully paid:			
As at 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	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.

(c) Dividends

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

23. SHARE-BASED PAYMENTS

Share Option Scheme

Pursuant to a resolution of the shareholders on 2 November 2009, a new share option scheme ("**Share Option Scheme**") was adopted and will expire on the tenth anniversary of the date on which the Share Option Scheme becomes unconditional upon fulfillment of certain conditions. The 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 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 Share Option Scheme.

The total number of share options of the Company granted and to be granted under the 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 2019 is Nil (2018: 55,980 share options).

(a) The terms and conditions of the share options granted by the Company are as follows:

	Number of share options	Number conditions	Contractual life of options	Expiry date
Options granted to directors of the Company:				
– on 27 May 2010	10,750,000	(i)	8 years	26 May 2018
– 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.

23. SHARE-BASED PAYMENTS *(continued)*

Share Option Scheme *(continued)*

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

	2019		2018	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of year	**31,960,000**	**HK$5.40**	45,534,000	HK$5.20
Lapsed during the year	**(31,960,000)**	**HK$5.40**	(10,464,000)	HK$5.68
Cancelled during the year	–	–	(3,110,000)	HK$1.47
Outstanding at end of year	–	–	31,960,000	HK$5.40
Exercisable at end of year	–	–	31,960,000	HK$5.40

There were no remaining share option exercisable at the end of 30 June 2019. The options outstanding at the end of 30 June 2018 have a weighted average remaining contractual life of 9 months and exercise prices were set at HKD1.47 and HKD9.00.

(c) Fair value of share options and assumptions

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

Certain employees ceased their employment with the Group during the year ended 30 June 2018, the share options previously granted to those employees on 21 May 2015 were cancelled accordingly. This resulted in movement recorded in the share options reserve of approximately RMB1,211,000 in the consolidated statement of changes in equity for the year ended 30 June 2018. There were no share options cancelled for the year ended 30 June 2019.

The share options granted on 28 February 2011 and 21 May 2015 expired during the year ended 30 June 2019. This resulted in movement recorded in the share options reserve of approximately RMB65,488,000 in the consolidated statement of changes in equity for the year ended 30 June 2019.

The share options granted on 27 May 2010 expired during the year ended 30 June 2018. This resulted in movement recorded in the share options reserve of approximately RMB20,841,000 in the consolidated statement of changes in equity for the year ended 30 June 2018.

24. TRADE AND OTHER PAYABLES

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

The balances of other payables and accruals are expected to be settled within one year or are repayable on demand.

The ageing analysis of trade payables by invoice date is as follows:

	2019 *RMB'000*	2018 *RMB'000*
Less than 3 months	4,308	5,124
3 to 6 months	1,903	–
	6,211	5,124

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

25. COMMITMENTS

Operating lease commitments

As at 30 June 2019, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019 RMB'000	2018 RMB'000
Within 1 year	1,532	4,169
After 1 year but within 5 years	1,332	11,870
After 5 years	–	80,014
	2,864	96,053

As at 30 June 2019, operating lease payments represent rental payable by the Group for certain premises under operating leases. The leases of premises are negotiated for initial terms of two years. None of the leases include contingent rentals. The Group does not have an option to purchase the leased premises at the expiry of the leases period.

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

Capital commitments

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

26. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

(a) Balances with related parties

Details of the balances with the Deconsolidated Subsidiaries at the end of reporting period are set out in note 24.

(b) Compensation of key management personnel

	2019 RMB'000	2018 RMB'000
Short-term employee benefits	6,260	5,988
Contributions to defined contribution retirement plans	32	30
	6,292	6,018

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

27. ACQUISITION OF THE AGRICULTURE COMPANY

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

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

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

Note:

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

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

Since the Agriculture Company Acquisition, the Agriculture Company contributed approximately RMB45,998,000 to the Group's revenue and profit of approximately RMB30,623,000 to the Group for the year ended 30 June 2018.

Had the acquisition been completed on 1 July 2017, total group revenue for the year ended 30 June 2018 would have been approximately RMB54,249,000, and loss for the year ended 30 June 2018 would have been approximately RMB221,873,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2017, nor is it intended to be a projection of future results.

28. DISPOSAL OF SUBSIDIARIES

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

On 21 January 2019, the Group entered into a conditional sale and purchase agreement with an individual, who to the Company's directors' best knowledge, information, believe and having made all reasonable enquiries, was an independent third party to the Group, to dispose of the entire equity interest in BPG, an indirect wholly-owned subsidiary of the Company, and its subsidiaries which were previously engaged in trading of fruit juice concentrates, manufacturing and selling of frozen fruit and vegetables, and the assumed debt due to the BPG Group by the Group with the amount of approximately RMB278,410,000 at total consideration of RMB5,000,000. The disposal of the BPG Group was consistent with the Group's long-term policy for the resumption of trading on the HKEx. The disposal was completed on 9 May 2019, the date on which the control of the BPG Group ceased.

Analysis of assets and liabilities over which control was lost:

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

The net liabilities of the BPG Group disclosed above were excluded the assumed debt due by the Group with the amount of approximately RMB278,410,000 which assigned to the purchaser as at the date of completion of disposal of the BPG Group.

28. DISPOSAL OF SUBSIDIARIES *(continued)*

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

On 3 June 2019, the Group entered into a conditional sale and purchase agreement with an individual, who to the Company's directors' best knowledge, information, believe and having made all reasonable enquiries, was an independent third party to the Group, to dispose the entire equity interest in Newasia Global, an indirect wholly-owned subsidiary of the Company, and its subsidiaries which were engaged in planting, cultivation and sale of oranges, at total consideration of RMB2. The disposal of the Newasia Group was consistent with the Group's long-term policy for the resumption of trading on the HKEx. The disposal was completed on 3 June 2019, the date on which the control of Newasia Group ceased.

Analysis of assets and liabilities over which control was lost:

	2019 *RMB'000*
Property, plant and equipment *(note 16)*	872
Trade and other receivables	665
Cash and bank balances	4,691
Trade and other payables	(10,819)
Net liabilities disposed of	(4,591)
Loss on disposal of subsidiaries:	
Consideration received	–
Cumulative exchange differences reclassified from equity to profit or loss on lost of control of the subsidiaries	(15,686)
Net liabilities disposed of	4,591
Loss on disposal of subsidiaries	(11,095)
Net cash outflow arising on disposal:	
Cash consideration received	–
Less: Cash and cash equivalents disposed of	(4,691)
Net cash outflow arising on disposal	(4,691)

29. 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 (the "**Resumed Date**") 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 the Resumed Date, the Group recognised the carrying amounts of the assets and liabilities of Lucky Team Hepu as at that date using the historical cost basis for those net carrying amounts of the assets and liabilities for which the available accounting records could be reconstructed, as follows: (a) property, plant and equipment, comprised of furniture, fixtures and equipment, motor vehicles, buildings, leasehold improvements, farmland infrastructure and machinery and citrus 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 the Resumed Date; 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*

29. RE-CONSOLIDATION OF A DECONSOLIDATED SUBSIDIARY *(continued)*

The carrying amounts of the identifiable assets and liabilities of Lucky Team Hepu resumed as at the Resumed Date are as follows:

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

Notes:

a) Comprised of furniture, fixtures and equipment, motor vehicles, buildings, leasehold improvements, farmland infrastructure and machinery.

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

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

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

On 3 June 2019, Lucky Team Hepu, being a subsidiary of the Newasia Group, was disposed together with the Newasia Group in the Last Disposal and ceased to be a subsidiary of the Group. Details of the disposal is set out in note 28 to the consolidated financial statements.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 *RMB'000*	2018 *RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	61	689
Interests in subsidiaries	1	306
	62	995
Current assets		
Other receivables	359	910
Cash and cash equivalents	1,671	111
	2,030	1,021
Total assets	2,092	2,016
EQUITY AND LIABILITIES		
Equity		
Share capital	12,340	12,340
Reserves	(15,516)	(57,181)
	(3,176)	(44,841)
Current liabilities		
Other payables and accruals	5,268	6,858
Amount due to Lucky Team Hepu	–	31,072
Amount due to a director	–	508
Amount due to a subsidiary	–	8,419
	5,268	46,857
Total equity and liabilities	2,092	2,016
Net current liabilities	(3,238)	(45,836)
Total assets less current liabilities	(3,176)	(44,841)

Signed on behalf of the board of directors by:

Ng Ong Nee
Executive Director

Ng Hoi Yue
Executive Director

31. EVENTS AFTER THE REPORTING PERIOD

There was no significant event took place after the end of the reporting period.

32. COMPARATIVE INFORMATION

The Group has initially applied IFRS 9 and IFRS 15 as at 1 July 2018. Under the transition methods, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 4 to the consolidated financial statements.

33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised to issue by the board of directors on 30 August 2019.

FIVE YEAR FINANCIAL SUMMARY

	Year ended 30 June				
	2019 *RMB'000*	2018 *RMB'000*	2017 *RMB'000*	2016 *RMB'000*	2015 *RMB'000*
RESULTS					
Revenue	52,822	54,249	–	–	962,727
Gain/(loss) arising from changes in fair value of biological assets less costs to sell	10,702	32,320	–	–	(242,833)
Profit/(loss) before income tax	541,616	(221,792)	(28,466)	(5,216,629)	(1,223,999)
Income tax credit	–	–	–	–	–
Profit/(loss) for the year	541,616	(221,792)	(28,466)	(5,216,629)	(1,223,999)

	As at 30 June				
	2019 *RMB'000*	2018 *RMB'000*	2017 *RMB'000*	2016 *RMB'000*	2015 *RMB'000*
ASSETS AND LIABILITIES					
Non-current assets	82,494	96,822	5,799	2,370	3,772,146
Property, plant and equipment	82,494	96,822	4,799	2,370	2,253,506
Biological assets	5,438	6,595	–	–	1,332,482
Current assets	37,241	70,151	21,850	51,099	1,502,511
Total assets	119,735	166,973	27,649	53,469	5,274,657
Non-current liabilities	–	–	–	–	596
Current liabilities	14,339	600,229	241,618	239,938	138,699
Capital and reserves	105,396	(433,256)	(213,969)	(186,469)	5,135,362

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
Bermuda HM 11

AUDITORS

HLB Hodgson Impey Cheng Limited
31/F., Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

BERMUDA AND BVI LEGAL ADVISER

Conyers Dill & Pearman
2901 One Exchange Centre
8 Connaught Place
Central, Hong Kong

JERSEY SHARE REGISTRAR

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street, St Helier
Jersey JE1 1ES, Channel Islands

BERMUDA SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 73

WEBSITE

www.asian-citrus.com