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 2019/20

** For identification purposes only*

CONTENTS

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

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

FINANCIAL POSITION

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

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

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present the latest development, progress and annual results of the Group for the year ended 30 June 2020 to the shareholders of the Company.

REVIEW

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

With the persevering effort of the Directors and senior management of the Company, significant progress had been made during the year ended 30 June 2020 (the "**FY2019/20**"). With a view to resuming trading in the shares of the Company (the "**Shares**") as soon as possible, the Company has been demonstrating to The Stock Exchange of Hong Kong Limited (the "**HKEx**") that it has a sufficient level of operations or assets of sufficient value to warrant the continued listing of the Shares in compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the HKEx (the "**Listing Rules**"). In March 2020, the Company received the Listing Review Committee's decision which stated that, among other things, the Company should be allowed additional time until 30 September 2020 to demonstrate to the satisfaction of the Listing Division that it meets the requirements of Rule 13.24 of the Listing Rules which came into effect on 1 October 2019. Details of these matters are disclosed in the "Management Discussion and Analysis" section under the sub-section headed "Other Significant Events" in this report.

For the Group's operations, a total revenue of RMB451.8 million was recorded for the FY2019/20, representing a significant increase of approximately 7.6 times as compared to the total revenue of RMB52.8 million for the year ended 30 June 2019 (the "**FY2018/19**"). The operating results has turned around from a net operating loss of RMB38.9 million for the FY2018/19 to a net operating profit of RMB24.8 million for the FY2019/20. In addition to the stringent cost control on cultivation and other administrative expenses, the Group continued to develop its Plantation Business on the cultivation of a variety of fruits as well as to expand its Fruit Distribution Business on the distribution of a variety of premium fruits under its own brand "Royalstar 新雅奇". The Company strives to enhance the revenue and the shareholder value of the Company in the foreseeable future.

PROSPECT

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

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

APPRECIATION

On behalf of the Board, I would like to express our sincerest gratitude to our valued shareholders, customers and business partners for your persistent support and trust in the Company. I would also like to express our deepest thankfulness to our strong management team and staff for their enduring dedication to the Group during the past years. We look forward to creating a prosperous future of the Group from the financial year of 2020/21 onwards.

Ng Ong Nee
Chairman

31 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 June 2020, the principal business activities of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") include the Plantation Business and the Fruit Distribution Business (as defined below).

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

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

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

FINANCIAL REVIEW

Revenue

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

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

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

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

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

Other income

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

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

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

Staff costs

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

Distribution and other operating expenses

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

General and other administrative expenses

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

Income tax expense

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

Profit from operation

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

Profit attributable to shareholders for the year

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

DIVIDEND

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

CAPITAL

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

LIQUIDITY AND FINANCE RESOURCES

Liquidity

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

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

Funding and treasury policy

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

Charge on assets

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

Capital commitments

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

FOREIGN EXCHANGE RISK

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

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

EMPLOYEES OF THE GROUP

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

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

CONTINGENT LIABILITIES

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

OTHER SIGNIFICANT EVENTS

(1) Suspension of Trading on The Stock Exchange of Hong Kong Limited (the "HKEx")

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

(2) Resumption Conditions

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

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

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

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

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

(3) Fulfillment of the Resumption Conditions

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

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

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

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

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

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

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

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

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

(6) Continued Suspension of Trading of Shares

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

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 67, 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 56, 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 45, 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 56, 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) and Winson Holdings Hong Kong Limited (stock code: 6812), the shares of which are listed on the Main Board of the HKEx, Great World Company Holdings Limited (stock code: 8003), 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.

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 82, 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 88, 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 48, 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 2020 (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, sale of agricultural produce and distribution of fruits, which are carried on by certain subsidiaries in the People's Republic of China (the "**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 9 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 54 of this annual report.

DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 30 June 2020 (2019: 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 127 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 pages 58 to 60 of this annual report and Note 22(a) to the Consolidated Financial Statements respectively. As at 30 June 2020, no reserves of the Company were available for distribution (2019: 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 (the "**Bye-Laws**"), 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 2020.

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 Bye-Laws, one-third of the Directors (other than those appointed pursuant to bye-law 87(2) of the Bye-Laws) shall retire from office by rotation and, being eligible, offer themselves for election. Accordingly, Mr. Ng Ong Nee and Mr. He Xiaohong will retire from office at the forthcoming annual general meeting (the "**forthcoming AGM**"), Mr. Ng Ong Nee and Mr. He Xiaohong, 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 24 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 2020, 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**")), which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise 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 shares held Personal interests	Family interests	Corporate interests	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital
Mr. Ng Ong Nee	Ordinary shares	–	–	179,252,394 *(Note)*	–	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 2020 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 2020, 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 Divisions 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 2020.

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 Divisions 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.

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 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 Liability 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 Bye-Laws and the D&O Insurance were in force during the year ended 30 June 2020 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(k)(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

Save as disclosed in 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 2020, none of the Directors were interested in any business which competed or was likely to compete directly or indirectly with the businesses of the Group.

CONNECTED TRANSACTIONS

During the year ended 30 June 2020, the Group had no connected transactions which are required to be disclosed in accordance with the Listing Rules (2019: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 62.3% of the Group's total sales for the year and sales to the Group's largest customer amounted to approximately 20.2%.

Purchases from the Group's five largest suppliers accounted for approximately 35.4% of the Group's total purchases for the year and purchases from the Group's largest supplier amounted to approximately 10.7%.

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 19 to 26 of this annual report.

EMOLUMENT POLICY

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

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 in the Corporate Governance Report on page 24 of this annual 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 2020.

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

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

31 August 2020

Ng Hoi Yue
Executive Director

31 August 2020

CORPORATE GOVERNANCE REPORT

The information set out on pages 19 to 26 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**").

CORPORATE GOVERNANCE PRACTICES

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 2020, the Company has complied with the Code Provisions of the CG Code, except for the following deviations:

Code Provision A.2.1

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

Code Provision A.5.1

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

Code Provision A.6.7

INEDs and other non-executive directors should attend general meetings of the Company and develop a balanced understanding of the views of the shareholders. Although an INED and the Non-executive Director were unable to attend the annual general meeting (the "**AGM**") of the Company in 2019, the senior management of the Company had reported all special enquiries from the shareholders and acted as the communication bridge between the shareholders and the INED as well as the Non-executive Director so that they could be aware of and understand the view of the shareholders accordingly.

Code Provision E.1.2

The Chairman of the Board should attend the AGM of the Company. Although the Chairman of the Company was unable to attend the AGM of the Company in 2019 due to other business engagements, he had nominated the Deputy Chief Executive Officer as his alternate to attend and chair the AGM and to provide response in respect of any information required by the shareholders of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in its securities. Following a specific enquiry made to all Directors by the Company, each of them has confirmed that he had fully complied with the required standard as set out in the Model Code throughout the year ended 30 June 2020.

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 2020, 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 10 to 11 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 (the "**Bye-Laws**") 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**") which set out the selection criteria in assessing the suitability of a proposed candidate as Director and procedures 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 as 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 fourteen 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 elsewhere in this annual report, 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 2020, the Board convened a total of 4 Board meetings, 6 Audit Committee meetings and 2 Remuneration Committee meetings. Besides, Directors also attended the 2019 AGM to understand the views of the shareholders.

Name of Directors	Board Meeting	Board Committee Meetings: Audit Committee Meeting	Board Committee Meetings: Remuneration Committee Meeting	Annual General Meeting
	(Number of Times of Attendance/Total Number of Meetings)			
Executive Directors:				
Mr. Ng Ong Nee *(Chairman and Chief Executive Officer)*	4/4	N/A	2/2	0/1
Mr. Ng Hoi Yue *(Deputy Executive Officer)*	4/4	N/A	N/A	1/1
Non-executive Director:				
Mr. He Xiaohong	4/4	N/A	N/A	0/1
Independent Non-Executive Directors:				
Mr. Chung Koon Yan[#]	4/4	6/6	2/2	1/1
Dr. Lui Ming Wah, PhD, SBS, JP	4/4	6/6	2/2	1/1
Mr. Yang Zhen Han	4/4	6/6	N/A	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 2020, 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 is 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.

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 2020.

As at 30 June 2020, the members of the Audit Committee comprised Mr. Chung Koon Yan, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zheng Han; 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 2020, the members of the Remuneration Committee comprised Mr. Ng Ong Nee, Mr. Chung Koon Yan and Dr. Lui Ming Wah, PhD, SBS, JP; 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 2020 and have provided records of training received during the year ended 30 June 2020 to the Company.

SERVICE CONTRACTS

All the service contracts entered with the Directors 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 2020 of the members of the senior management (other than the Directors) 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	0
RMB1 million or more but not exceeding RMB2 million	1

INDEPENDENT AUDITORS' REMUNERATION

For the year ended 30 June 2020, 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 RMB2,193,000 and RMB503,000 respectively.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 30 June 2020, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors must keep proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Group and the Company. The Directors must ensure that the financial statements comply with applicable laws and follow the International Financial Reporting Standards.

The 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 53 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. 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 a major subsidiary, in the following areas: (i) compliance of corporate governance code; (ii) financial reporting procedures; (iii) revenue cycle; (iv) purchase and expenses cycles; (v) treasury operations; (vi) inventory control; and (vii) cash management. The reviewer interviewed the 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 2020 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. Miss Ng Ling Ling was the Company Secretary during the year ended 30 June 2020. Miss Ng has fulfilled professional training requirement for the year ended 30 June 2020.

DIVIDEND POLICY

The Company has adopted a dividend policy (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, 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 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 fourth 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, performances and challenges in accordance with the requirements of the 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 2019 to 30 June 2020 (the "**Reporting Period**").

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

(II) Corporate Mission and Vision and ESG Objectives

The Group continues its primary mission to grow and sell quality, fresh and safe citrus fruit primarily oranges at an affordable price to consumers. Furthermore, our vision maintains 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 and operates its business in a socially responsible manner. Regarding ESG objectives, the Group continues its practices and aims to provide safe and pleasant working environment to employees, and reasonable returns on investments to investors, business partners and supporters, and sustainable development through eco-friendly-cooperative plantation operation to the local and global environment and the local community.

(III) ESG Strategies and Management

The Group continues to support the ESG areas and aspects listed in the ESG Guide are significant considerations for the short and long-term operations of its businesses, 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, local residents and 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.

Throughout the Reporting Period, the Group maintained the same ESG management structure and process as the last reporting period. 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, were delegated to the Chief Executive Officer ("**CEO**") and his management team comprising the Deputy CEO and the General Manager ("**GM**") of the Plantation Business and Fruit Distribution Business. On daily operation, the regional and departmental managers report to the CEO, and his management team is responsible for the following duties in relation to ESG issues:

- Implementing the approved ESG policies, rules and regulations;
- Collecting, compiling and formulating data and statistics on ESG related issues and key Performance Indicators ("**KPIs**"); and
- Reviewing and monitoring especially on the legal and social compliance of the ESG related issues on a regular basis.

Upon receiving regular or ad hoc updates and reports on ESG activities and related issues from the regional and departmental managers, the CEO and his management team will evaluate the overall positions, draft the appropriate action plans, prepare and submit reports and recommendations to the Board for approval and thereafter for implementation.

The Group fully understands that changes in business operations, structures, technologies, laws and regulations, and the environment may drive changes to our ESG policies and practices. As such, the Group continues to invest adequate resources to monitor ESG issues, policies, practices and performances on an on-going basis. In order to contribute to the sustainable development on the environment and society, whilst maximizing the benefits to our employees and the stakeholders, the Group has continued to exercise due responsibility in maintaining the highest level of ethical standards on conducting its business and upheld strict compliance with all relevant laws, rules and regulations in all ESG matters.

(IV) Stakeholders Communications and Materiality

In managing the priorities, the Group continues to ensure 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 Hong Kong Special Administrative Region ("**HKSAR**") and the PRC, and the specific guides of the organic fruit growing industry. The Group also continues to take 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 continues to assign 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 front line 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
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 performances, especially on the above material areas, aspects and related the KPIs during the Reporting Period, continued to be monitored and managed through the Group's approved management structure and process. The Group allocated adequate resources to implement the approved strategies, policies and measures to guarantee fulfillment of its environmental and social obligations and responsibilities especially on the above material areas and aspects during the Reporting Period, which are summarized below.

MATERIAL AREAS AND ASPECTS AND THEIR PERFORMANCE

(A) ENVIRONMENTAL AREAS AND ASPECTS

1.1 Environmental Areas Overview and Policies

The Group's main environmental target has always been aiming at building a "Green Environment" and has continued to implement policies and taken measures to ensure our operations and activities to be energy, water, and resources saving, preventing pollution, reducing wastes and minimizing the negative impacts on and harmonizing with the environment. During the processes of formulating the environmental policies and measures, all operations and activities likely to cause environmental impact or improve general sustainability have been considered including but not limited to the following:

- Air emissions;
- Water discharge;
- Waste disposal;
- Land contamination;
- Sustainability and the efficient use of raw materials, energy, water and other natural resources; and
- Other local environmental issues.

While on the environmental impacts, the following have been considered:

- Air pollution;
- Water pollution;
- Global warming;
- Waste generation;
- Land/soil contamination;
- Noise and light pollution; and
- Depletion of natural resources.

As reported in our last ESG reporting, 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 machines; water and fertilizers to nurture and grow the plants; and packaging materials and paper carton boxes to pack the produces. As a result, our plantation operation and activities does generate emissions, wastes and discharge, whilst our fruit distribution operations and activities are mostly in-office nature and does not impact the environment negatively. However, as an environment responsible corporation, the Group insists on its responsibilities and commitments to the environmentally sustainable development with its on-going operations and activities to grow "Green Fruit" under "Green Environment" practices. The Group's operations and activities are well recognised in the PRC and complies with the requirements under the PRC laws and the specific guides in the organic fruit. Overall, the Group abides by all the local environmental laws and regulations and is committed to environmental protection, pollution prevention and minimization. We have implemented policies and taken measures to ensure our operations and activities prevent pollution and have a minimal adverse impact on the environment, and to be energy, water and other resources usage efficient. The Group has also continued its work on raising environmental awareness among our employees and business partners on protecting the environment.

During the Reporting Period, the Group, same as the last 3 reporting periods, did not receive any violation or warning notices or complaints from any government environmental agencies and local communities. Instead, the Group received local appreciations in relation to its control of emissions, wastes and discharges, and protection of the environment practices.

1.2 Environmental Aspects

A1. Air Emissions, Polluted Water and Waste Discharge Aspect

During the Reporting Period, same as the last reporting period, the types of emissions, wastes and discharge from the Group's operations and activities in the plantation office and field in Hepu, Guangxi, the sales and marketing office in Shenzhen and the head office in Hong Kong, 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

Owing to no substantial change in the Group's operations and activities, the types of air emissions and air pollutants for the Reporting Period were the same as the last reporting period. During the Reporting Period, the Group's main air emissions from the offices in Hong Kong and Shenzhen were non-hazardous GHG, mainly CO_2, indirectly generated from the use of electricity. While in the plantation fields, apart from indirect GHG-CO_2, diesel and petrol are used for our tractors, weed-mowing machines and generators for water pumping, and as a result hazardous air pollutants of nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**"), particular matter ("**PM**") emissions, methane ("**CH_3**") and direct GHG-CO_2 were generated.

In order to save costs and to minimize environmental impacts from air emissions generated from electricity, diesel and gasoline consumption, the Group took active measures to reduce energy consumption, including electricity, diesel and gasoline. All employees were constantly reminded to smartly use electricity, diesel and fuel. Supervising officers were assigned the duty of inspecting 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 table below recorded and compared the Reporting Period and the last reporting period's resultant direct and indirect GHG-CO_2 and air pollutants emissions from the uses of electricity, diesel and petrol by the offices in Hong Kong and Shenzhen and the Hepu Plantation.

Direct and Indirect Emissions Record

		Year ended 30 June		
		2020	2019	
Items of emissions	Unit	**Quantities**	Quantities	Changes
1. SO_x direct emission	Kilograms	**1.30**	1.54	-15.6%
2. NO_x direct emission	Kilograms	**2,114.88**	2,520.33	-16.1%
3. PM direct emission	Kilograms	**209.65**	249.83	-16.1%
4. CO_2 direct emission	Tonnes	**213.78**	255.24	-16.2%
CO_2 indirect emission				
– the PRC	Tonnes	**164.96**	110.89*	+48.8%
– Hong Kong	Tonnes	**37.36**	34.40	+8.6%

* Adjusted from disposal of a then subsidiary.

During the Reporting Period, despite only a slight increase in citrus fruit output, the Group's air pollutants of SO_x, NO_x, PM and direct GHG-CO_2 emissions were 15.6% – 16.2% less than the last reporting period because diesel and petrol consumption reduced. It is a good sign of its energy saving measures. However, the indirect GHG-CO_2 emissions from electricity consumption in the Hepu Plantation was increased by 48.8% due to an increase in plantation activities through cooperation with local farmers to grow banana, sugarcane and other fruits.

As aforementioned, in order to save costs and minimize emissions of direct and indirect GHG-CO_2 and air pollutants, the Group already implemented measures to train, guide and supervise the employees to use energy and fuel smartly, and to invest in energy and fuel saving technology especially in the Hepu Plantation such as to reduce the use of air-conditioning by building high ceiling and double-layered brick wall offices, and the installation of solar power. In the coming year, the Group targets to reduce indirect and direct GHG-CO_2, and air pollutants emissions within 1%-3% in the Hepu Plantation and zero growth in the Hong Kong headquarters and Shenzhen office on the basis of similar operating conditions.

(ii) Polluted Water Discharge

During the Reporting Period, same as the last reporting period, the Group's polluted water were mainly from employees' daily hygiene needs in the Hong Kong, Shenzhen offices and the Hepu Plantation, which were sourced and discharged through the offices centralized water supply and discharge network respectively, and is considered insignificant. Moreover, the plantation field generated an insignificant amount of polluted water.

(iii) Non-hazardous and Hazardous Waste and Organic Waste Discharge

During the Reporting Period, the Group's non-hazardous, hazardous and organic waste were same as the last reporting period as the Group's operations and activities were similar.

For non-hazardous wastes from our plantation operation, they were mainly plastic bags, containers from the use of fertilizers and pesticides, and packaging scraps for our citrus fruits. While in our offices, only small quantities of paper waste were generated. For the plastic bags and containers generated, they were collected by licensed collection operators for recycling sales. For paper waste, we already introduced measures to reduce its usage, such as encouraging staff to use electronic messaging to replace paper writing and to print on both sides of papers.

The operation and activities of the Group did not generate much hazardous wastes. Used batteries, printing cartridges, and used lubricant oil for machine were the main hazardous wastes generated. The volume was insignificant. The used batteries and printing cartridges were collected by special collectors, and the Group trained its mechanics to properly collect and dispose the used machine lubricant oil.

As the total amount of these non-hazardous and hazardous wastes was not substantial and was cleared nearly on a daily basis, the Group therefore did not regard them as material. However, the Group did introduce measures to encourage its employees to reduce the generation of non-hazardous and hazardous wastes.

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

For the coming year, the Group will not set a target on how much non-hazardous, hazardous and organic wastes to be reduced, but it will monitor and encourage employees to reduce their generation as much as possible.

(iv) Noise and Light Emissions

During the Reporting Period, same as the last reporting period, the Group's operations and activities did not generate any noises and light emissions. Since its plantation farm is far away from residents, the operation of its tractors, lawn-movers and other equipment will not cause any disturbing noise, light or inconveniences to others.

A2. Use of Resources Aspect

As aforementioned, the core business operation of the Group – planting, cultivation and sale of agricultural produce and distribution of fruits, namely oranges, remains unchanged in the last 3 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, cargo vans, etc. The usage of electricity, diesel and petrol for the growing of fruit trees and administrative purposes for its plantation and the offices in Hong Kong and Shenzhen are summarized in the table below:

		Year ended 30 June		
Item	Unit	**2020**	2019	Changes
Electricity (Farm)	kWh	**163,960**	110,021*	+49.0%
Electricity (Offices)	kWh	**48,783**	44,701	+9.1%
Petrol (Farm)	Litres	**–**	6,258	–
Diesel (Farm)	Litres	**80,999**	90,266	–10.2%

* Adjusted from disposal of a then subsidiary.

During the Reporting Period, the electricity consumption in the Hepu Plantation and offices in Hong Kong and Shenzhen were 49% and 9.1%, respectively, more than the last reporting period. The reason for the increase in electricity consumption in the Hepu Plantation was mainly due to our cooperation with local farmers to grow banana, sugarcane and other fruits. Furthermore, for the Hong Kong and Shenzhen offices, it was mainly due to increased activities and workload in response to our increased turnover. To avoid unnecessary consumption of electricity, the employees have been trained to turn off all electrical appliances, air-conditioners, and lights in a timely manner and after work and advocate the use of natural ventilation. On diesel and petrol consumption in the Hepu Plantation, there was a 10.2% decrease during the Reporting Period over the last reporting period, which was the direct result of more efficiently use of the machines under close supervision. The Group will continue to assign responsible officers to supervise and guide employees to smartly and effectively use electricity, diesel and petrol.

For the coming year, the Group targets a saving of 1% – 3% electricity consumption and zero growth on diesel consumption for offices and the Hepu Plantation on the basis of similar operating conditions.

(ii) Water – Same as previous ESG reporting, watering fruit trees and cleaning oranges are continued to be the Group's main use of water. For the plantation, the main sources of supply are from natural rainfall and groundwater. The Group also conserves and stores surface running water to supplement its water needs. During the Reporting Period, the plantation operation used a total of 35,670 cubic meters (2019: 27,653 cubic meters) of fresh water which was 8,017 cubic meters or 29% more than the last reporting period mainly due to our cooperation with local farmers to grow banana, sugarcane and other fruits. The offices continued to use an insignificant amount of fresh water, supplied from the offices waterway system for staff general daily hygiene needs. During the Reporting Period, 153.55 cubic meters (2019: 14.21 cubic meters) fresh water was used, which was 139.34 cubic meters or 8.8 times more than the last reporting period because of the outbreak of COVID-19.

Apart from saving costs, the Group has continuously reminded its employees to save water and use water smartly and responsibly, as water is now one of the most scared and valuable natural resources of the globe. In our cleaning 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 are no unwarranted wastes.

For the coming year, on basis of similar operating conditions, the Group targets a 1% – 3% save of fresh water consumption in the Hepu Plantation through introduction of new technology. A similar target is also set for the headquarters through encouragement of employees to act prudently and responsibly.

(iii) Packaging materials and papers – For the Reporting Period and the last reporting period, they were mainly used for packaging fruits for sales, office filing and document printing. To support a green environment, the Group used mostly recycled carton boxes and papers. At the same time, the Group encouraged the office staff to reduce paper consumption as much as possible through the 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 and Pesticides – the Group uses both natural, organic and chemical fertilizers to nurture the fruit trees and pesticides to protect the fruit trees. During the Reporting Period, the Group consumed a total of 2,023,928 kilograms fertilizers, out of which 730,000 kilograms was organic and 1,293,928 kilograms was inorganic fertilizers. The total amount of fertilizers used was 63% less than the last reporting period. For pesticides, 84,712 kilograms were used for the Reporting Period, which was 33.3% less than the last reporting period. In any event, it is the continuous policy and strategy of the Group to use natural and organic fertilizers as much as possible, which will safeguard the soil texture for the future.

A3. Environment and Natural Resources Aspect

As reviewed above and reported in last few years of ESG reporting, the Group's core operations and activities mainly use electricity, diesel, petrol, water, papers and land, which will have impacts on the environment if they are not properly managed. The Group has therefore exercised due care on setting up its management structure and process, rules and regulations to ensure that natural resources are correctly, and efficiently used without wastage and destruction. As a result, the Group only generated an acceptable and reasonable amount of direct and indirect greenhouse gas emissions and non-hazardous waste discharges. For water, apart from natural rainfall, which is one of the main source of supply, the Group has the approval to drill its own wells to source ground-water, and at the same time has built surface reservoirs and ponds to conserve and store surface running water to supplement its water supplies. For land and soil, as its plantation fields are located in a tropical belt, heavy rainfall will erode and leach the topsoil if not properly conserved. The Group plants its fruit trees scientifically and carefully to ensure proper conservation of the top-soil 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 total responsible approach to implement policies and measures on energy and raw materials consumption, handle air emissions, polluted water and waste discharges, ensure water supplies and usage, and proper use of the land. The Group has not been subjected to any warnings, fines or violation notices, and has been in compliance with applicable environmental protection laws and regulations in all material aspects since the first ESG reporting.

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 and protection. The Group has tried to conserve and store surface running water for further use, to use solar energy and to build energy saving offices. The Group has also constantly updated and upgraded its 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.

A4. Climate Change Aspect

In consideration of the Group's operations and activities, and the current global environmental conditions, and after collecting the views and opinions of the stakeholders, the Board identified and resolved that (i) global warming caused by direct and indirect GHG-CO_2 emissions, (ii) conservation of fresh water and (iii) preservation of soil are the most important climatic issues that the Group has impacted the physical environment. These climatic issues not only affect the operation costs of the Group but also the climatic and physical environmental conditions.

(i) Global warming is directly and indirectly the result of uses of fossil fuels for electricity and transportation. During the Reporting Period, the Group's operations and activities directly and indirectly generated GHG-CO_2 emissions through the use of electricity and diesel, though the amount was not substantial. We have implemented policies and measures, explained above, trying to reduce electricity and diesel consumption for the primary purpose to reduce GHG-CO_2 emissions. Fortunately, the main activity of the Group is to grow fruit trees, which through the natural process of photo-synthesis absolves CO_2 and produces oxygen, contributes positively to reduce global warming.

(ii) Fresh water, the most precious natural resources of the world, is most urgently needed to conserve nowadays. With regard to the Group's business operation and activities, the offices' water consumption is normal and insignificant, but the plantation operation requires a substantial amount of fresh water. To fulfill our corporate objective in conserving fresh water and to save costs, the Group has already built water recycling and reusing system, specialized drainage, spraying and surface storage water-work and facilities such as ponds and small reservoirs. At the same time, the Group has always reminded its employees not to waste and to use fresh water smartly. Luckily, the Hepu Plantation is located in the tropical region where rainfall is abundant and the introduction of the above measures has ensured the fresh water is conserved and used efficiently.

(iii) Soil – the fertility of the soil is one of the most important conditions for the growing of fruit trees. If the soil is not properly preserved, it may either be washed away or downgraded and will not be suitable for plants or fruit trees to grow. It does not only affect our main business, but it also will break the eco-chain and deteriorate the global environmental conditions. The Group has therefore implemented strict policies and measures to preserve the soil in its location, texture and fertility. To maintain the fertility of the soil, the Group has used as much natural and organic fertilizers through decomposing of natural plants, grass, etc., on sites, to restrict the use of toxic chemical fertilizers, to practice crops rotation, and to provide appropriate level of nutrients including moisture, etc.

During the Reporting Period, the Group has already implemented measures to lower direct and indirect emissions of GHG-CO_2 and pollutants, to conserve fresh water and to preserve soil, which aim at improving the global environmental and climatic conditions especially relating to global warming ultimately. The Group's operations and activities do not cause much negative impacts to the environmental and climatic conditions. On the contrary, the growing of trees and the control and use of the surface running fresh water have positively contributed to the building of a greener climate and environment.

(B) SOCIAL AREAS AND ASPECTS

2.1 Social Areas Overview

The Group is committed to conducting business in a transparent, equitable and socially responsible way, and strives to build mutually beneficial relationships with our stakeholders, including our employees, customers, suppliers, communities, as well as the public and governing authorities. On the formulation of ESG strategies and policies, the Group has already incorporated its short and long term corporate development goals with considerations on the stakeholders and sustainable development of the communities, society and globe.

Pursuant to the ESG Guide, social areas and aspects including "Employment And Labor Practices" and "Operation Practices And Community Investment", and the Group's performance in these areas herein reported below:

2.2 Employment and Labour Practices Areas and Aspects

The Group always believes that its business development and growth rely heavily on the commitment, passion and skills of its employees who are its most valuable asset. It has committed to strictly complying with all the relevant laws, rules and regulations on employment arrangements in the "Labour Laws of the PRC《中華人民共和國勞動法》" and "Employment Ordinance of the HKSAR", and providing a safe and healthy working environment, offering equal opportunities to all employees on recruitment, promotion, compensation and benefits. It has strengthened its human resources management with employees oriented policies to encourage motivation and innovation, and to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship with its employees.

B1. Employment Aspect

Since establishment, the Group has continued its employment policies and practices throughout, which include the following main features:

- Owing to the diversity in our operation bases and activities, the Human Resources Department in the Hong Kong headquarters is responsible for reviewing and approving the Group's human resources policies, and employment terms and conditions, while the regional offices' human resources managers implement the approved policies and measures in compliance with the local employment laws, rules, regulations and practices;

- The regional human resources manager reports to the regional GM 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;

- Adopt a humanistic and equitable human resources policies with equal opportunities for all without discrimination on hiring, promotion, remuneration, benefits, training, dismissal and other aspects of employment;

- All employees are required to sign employment contracts with the Group and/or its subsidiaries, and will receive an Employee Handbook, listed out all the employment terms and conditions, benefits and obligations including but not limited to, appointment, termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissals, health, general safety and welfares, etc.;

- In accordance with the requirements of the national laws of PRC such as Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Administrative Regulations on Housing Provident Funds (住房公積金管理條例), and the Employment Ordinance ("**EO**") (Chapter 57 of the Laws of Hong Kong) and the Mandatory Provident Fund Schemes Ordinance ("**MPFSO**") (Chapter 485 of the Laws of Hong Kong) of HKSAR, the Group provides and maintains statutory benefits to all qualified staff, including but not limited to mandatory provident fund, social security insurance, medical insurance, work injury insurance and compensation and statutory holidays;

- On recruitment, the Group has adopted a mixed policy of external recruitment and internal promotion for vacancies. All vacancies are open to all with equal opportunities, to be decided with no discrimination on sex, religion, gender, age and disability, and to be selected on the basis of qualification, skill and competency;

- Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications, experience and job position. Discretionary bonuses of such amounts and at such intervals for internal employees will be rewarded at the discretion of the top management with consideration on performance; and

- Provide a safe and pleasant working environment to our employees.

During the Reporting Period, same as the last 3 reporting periods, the Group honored all obligations to its employees including the payment of salaries and wages, holidays and leaves, compensations, insurances and health benefits. There was no wages disputes or complaints, breaches of the labour laws or labour disputes recorded.

As required by the ESG Guide, the Group's employment information is herein analyzed and summarized below:

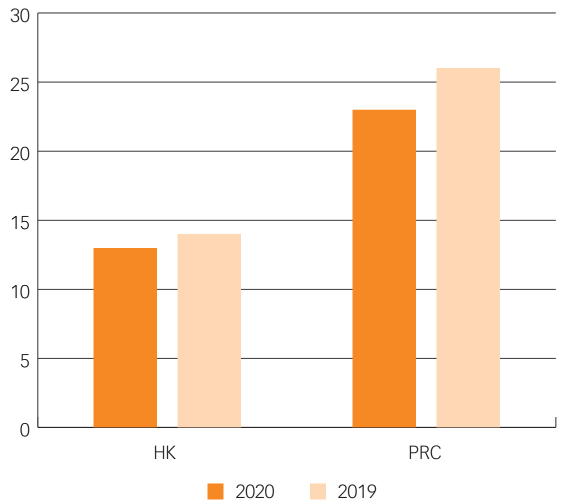

Figure 1: Number of Employees by Nationality

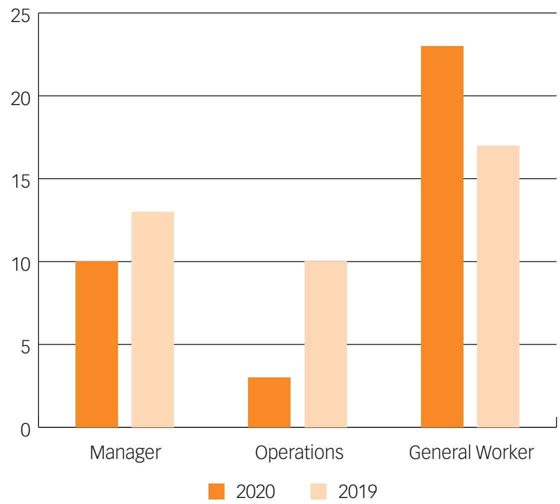

Figure 2: Number of Employees by Employment Type

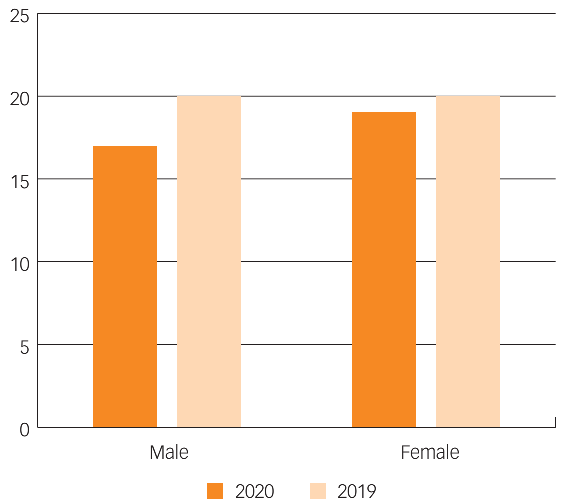

Figure 3: Number of Employees by Gender

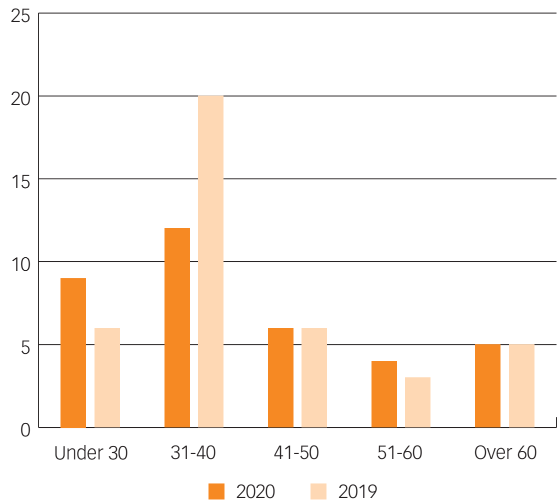

Figure 4: Number of Employees by Age

From the above information, it can be summed up that the Group has a stable work force (36 in 2020 and 40 in 2019), more female than male employees (52.8% in 2020 and 50% in 2019), majority of employees are between ages 31-50 (50% in 2020 and 65% in 2019), managers accounted for 27.8% in 2020 and 32.5% in 2019 of total employees.

B2. Health and Safety Aspect

As a continuing policy, the Group at all times is a responsible employer and provides a safe working environment in its offices and especially its plantation sites to prevent employees from injuries and accidents, and adopts an "employee-oriented" human resources policies aiming at providing a harmonious, safe and healthy working environment to minimize the risk of any occupational hazards. The Group has taken the following health and safety measures to protect its employees:

- Constantly improves the occupational safety and health management system in order to reduce risks and create a safe working environment;

- Ensures all the safety, medical and hygiene equipment are adequately in place and are operating efficiently, passing inspections and complying with all the safety and hygiene rules and regulations;

- Requires all employees to strictly comply with the health and safety policies, rules and regulations, including the Occupational Safety And Health Ordinance (Chapter 509 of the Laws of Hong Kong) and Employees Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) of Hong Kong, and the Labour Laws of the PRC and has constantly alerted the employees to perform their tasks under safety conditions;

- Takes occupational health and safety as one of our prime responsibilities, and employees are required by the in-house rules to notify their superiors immediately, whenever emergency or accidents, regardless of minor or serious occur, who will then take appropriate measures to ensure safety is not compromised, and in all circumstances the in-house rules also require all injuries or accidents to be promptly and properly dealt with and reported in accordance with the local or national laws as appropriate;

- The Group has assigned safety officers to regularly inspect and to alert employees to take precautionary measures to ensure that the workplace is safe. The Group has also provided regular training to employees to perform their jobs safely; and

- Insures all qualified employees in both the PRC and Hong Kong with medical insurance in accordance with the statutory requirements of the two jurisdictions.

During the Reporting Period, same as the previous 3 reporting periods, no serious injuries or accidents with its employees in Hong Kong and the PRC, nor any disputes and litigations with employees on compensation or work-related injuries and fatalities, nor non-compliance cases in relation to safety laws and regulations was recorded. For the coming year, the Group targets to maintain a clean record on health and safety.

B3. Development and Training Aspect

The Group values its employees as the most valuable assets and always supports enhancing their value by providing them with development and trainings programs in terms of skills and job knowledge, plant operations and production know-hows 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, the Group has continuously offered 3 types of trainings:

(i) Internal induction training – it 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, career development plan, etc. For example: Fundamental Ethnic Standard, Career Planning, etc.

(ii) On-the-job and specific training – it is 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. For example: Oranges Nutrition Elements, Career Planning, Sales of Agricultural Products, etc.

(iii) External specific skills and knowledge training – it is aiming at enhancing the technical and management skills, and professional quality and ability of the middle to senior managers. For example: Oranges Transportation and Freshness Preserving offered by Hau Zhong Agriculture University, Oranges Diseases Prevention, etc.

During the Reporting Period, the Group provided a total of 37 and 206 hours of internal and external training to 7 and 12 employees respectively; which were more than the 8 employees and a total 150 hours internal training programs of the last reporting period. The increase in numbers and hours trainings to employees especially on sponsoring employees to attend external training programs was a reflection of determination of the Group to prepare for its business management. With such a training policy, it will enhance the quality and value of its human capital, which the Group and the employees will both be benefitted. For the coming year, the Group foresees that its current training policy will continue to be implemented.

B4. Labour Standards Aspect

During the Reporting Period, the Group continued with its cornerstone policy of strict compliance 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 adopting their respective standards on employment and labour protection and welfare. The Group adhered 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 acted strongly against child, illegal and forced labour. As a legal formality and for better management, the Group has maintained and in safe custody on confidential basis the private file of the employees including personal background information and credentials, copies of identify card and passport, academic qualifications and certificates, references, and performance assessment by seniors.

During the Reporting Period, same as the last 3 reporting periods, the Group honored all of its obligations towards employees and no disputes or litigations on labour matters were reported. The Group is confident to maintain the good track record for the coming year.

2.3 Operation Practices Areas and Aspects

B5. Supply Chain Management Aspect

Supply chain management in the ESG Guide mainly refers to management of sourcing and procurement. 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 applying 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 headquarters is required when the transaction value exceeds the threshold limit.

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.

To ensure a stable, quality assured, cost efficient and well managed supply chain, the Group has implemented clear procurement management rules and guidelines and procedures with respect to procurement including quality control, warehousing, payment and documentation approval process, and methods of payment. We select suppliers based on a set of criteria, which includes (i) ability to meet specification and standards, (ii) products and services quality, (iii) pricing of the products and services, (iv) delivery reliability, and (v) track records of the suppliers' business relationships with us and others in the industry and their committed compliance to laws, rules and regulations. The Group maintains a list of approved suppliers and will invite 2 to 3 suppliers to tender for purchases for a reasonable order size in order to obtain the optimal offer and to eliminate any chance of malpractice. We provide preferential status to local suppliers who engage in environmentally friendly and socially responsible practices, who use recyclable and natural materials.

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.

During the Reporting Period, the Plantation Business and Fruit Distribution Business had a total of 141 suppliers (74 for 2019), out of which 131 were local and 10 were overseas suppliers. The increase in the number of suppliers was mainly due to the Group's expansion of its sales and distribution network. The Group continued to support 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.

B6. Products Responsibility Aspect

The ESG Guide sub-divides products responsibility into 4 main aspects, which our internal control process, employee rules and regulations and contracts have clear guidelines and rules to deal with. For the Reporting Period, same as the last reporting period, to ensure quality of our products, the Group's plantation operation satisfied all the legal and operation requirements with valid licenses and approvals including the land-use and ground water usage rights, environmental safety licenses, etc.

(i) Products Quality

Quality of the oranges are the most important factor for any sales. The Group continued to implement total quality control standards in its operation processes as summarised below to ensure continuous highest quality and safety oranges to be grown and sold to its 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 mainly 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.

During the Reporting Period, the Group has valid "Quality Management System Certificate", its orange was awarded the "Silver Medal of the Super Quality Agricultural Product of the Guangxi Autonomous Region" and "Export Approval Certificate". All these awards have endorsed and confirmed the quality of the Group's citrus fruits.

In the Reporting Period, same as the last reporting period, the Group did not have any sales return. 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. For the coming year, the Group has the confidence to maintain the same good track record with its sound management control.

(ii) Handling of Sales Complaints

As previously reported, the Group has clear procedures to handle customers' complaints on the quality of its products. Whenever a customer complaint is received, the responsible sale-person will immediately report to the senior and to conduct investigation into the incident and find out the reasons why the quality of its products has been downgraded. For most of its sales, the customers will physically inspect, confirm and accept the quality of the products before order placement and delivery. There should not be any quality variation or complaints. However, for some sales orders, the Group, on behalf of the customers, selects and delivers the products directly to the customers' warehouses, which may have unforeseen accidents causing a change to the quality of our products during transit. Under these situations, the Group will 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 reporting period, the Group did not receive any complaints from customers that had any material adverse impact on its products, business and results of operation. The Group, again is confident to achieve the same results for the coming year.

(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.

During the Reporting Period, same as the last reporting period, the Group received no complaint on any breach of privacy or leakage of information. Given its existing internal control and technical control process, the Group is confident that confidential information will not be accessed and leaked out easily.

(iv) Intellectual Property Right ("**IPR**")

As disclosed in the last reporting period, the Group has registered its company logo and "Royalstar (新雅奇)" brand with the Trade Marks Registry of The Government of the HKSAR, and such registration has continued to be valid. The Group's business operation continues to involve no IPR issue. The Group also respects intellectual property right which has been implemented in its daily operation such as its installation of original software in its computers to avoid vulnerabilities and legal disputes arising from software copyright.

For the Reporting Period and the last 3 reporting periods, no infringement complaints on IPR against the Group was received.

B7. Anti-Corruption Aspect

The Group is well aware of the importance of honesty, integrity and fairness in its business operations and has continued 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 have been constantly reminded and advised 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 3 reporting periods.

2.4 Community Area and Aspect

B8. Community Investment Aspect

As a responsible enterprise, the Group always insists to undertake its social obligations to support and to pay back to the local residents, community and environment. During the Reporting Period, the Group contributed the following:

(a) *Local Residents* – (i) the Group donated RMB10,000 to sponsor a poor local young student to continue the education; (ii) the Group donated rice, wheat, flour, fruits for an amount RMB25,000 to underprivileged local families;

(b) *Environment* – the Group has continued constructing its Green Environment through careful and increased planting of trees to improve the landscape of its plantation fields and more importantly to reduce global warming by absolving CO_2 and release oxygen, and conserve water and top-soil;

(c) *Society* – the Group has continued to work with the educational institutions on agricultural researches and provide 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";

(d) *Community* – the Group has continued to build cement road costing about RMB58,000 for a local village, to support its employees to provide voluntary services to local communities. Against COVID-19, the Group donated cash of RMB30,000 to the local Red Cross, RMB6,000 to the local community government, and masks, mineral water and anti-virus materials amounted to RMB2,000. Apart from permanent jobs offered, the Group continued to be one of the largest employers in the local region and regularly provided plenty of temporary and part-time jobs to village workers. Moreover, the Group's plantation farm has helped to boost the local economy through training up the locals on fruit growing so that they can grow and develop their own fruits farms, and to co-operate with the local farmers to jointly grow other kinds of fruits such as bananas on co-operative land; and

(e) *Employees* – the Group has provided and sponsored training to improve the employees' job skills and knowledge. The Group also organized celebration events and gatherings for its employees during festive seasons.

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 the Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Asian Citrus Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") set out on pages 54 to 126, which comprise the consolidated statement of financial position as at 30 June 2020, 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.

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

BASIS FOR QUALIFIED OPINION

Corresponding figures

We expressed a disclaimer of opinion in our auditors' report dated 30 August 2019 on the consolidated financial statements of the Group for the financial year ended 30 June 2019 (the "**2019 Financial Statements**"). The matters which led us to disclaim our opinion on the 2019 Financial Statements were in relation to the allegations (the "**Allegations**") which are described in detail in note 2 to the consolidated financial statements, in relation to which we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which they relate. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the causes and effects of the alleged discrepancies and other matters which were the subject matters of the Allegations, and their implications and impacts on the elements presented in the consolidated financial statements of the Group for the year ended 30 June 2019. Any adjustments found to be required in respect of these matters might have consequential significant effects on the profit, other comprehensive loss and amounts presented as cash flows from operating activities, and related elements and disclosures in the consolidated financial statements, for the year ended 30 June 2019. Details of these matters which led to our disclaimer of opinion on the 2019 Financial Statements are set out in the sub-sections headed "(a) Authenticity of accounting records and deconsolidation of all subsidiaries (except for Guangzhou Asian Citrus Investment Consulting Co., Ltd.* (廣州市亞機果投資諮詢有限公司), Guangxi Hepu Guanhua Agriculture Co. Ltd.* (廣西合浦冠華農業有限公司) 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**")"; "(b) Opening balances and comparative information"; "(c) Compliance with IFRSs and applicable laws and regulations"; "(d) Gain on disposal of subsidiaries"; "(e) Amounts due to the Deconsolidated Subsidiaries"; "(f) Amounts due from the Deconsolidated Subsidiaries"; "(g) Interests in subsidiaries and amount due to the Deconsolidated Subsidiaries"; "(h) Share options reserve"; "(i) Contingent liabilities and commitments"; and "(j) Related party transactions" in the "Basis for Disclaimer of Opinion" section of our auditors' report on the 2019 Financial Statements.

*   *For identification purposes only*

As disclosed in notes 2 and 28 to the consolidated financial statements and in the Company's announcements dated 9 May 2019 and 3 June 2019 respectively, the Group completed the disposal of the (i) entire issued share capital of BPG Food & Beverage Holdings Ltd. and its subsidiaries (the "**BPG Group**") (the "**First Disposal**") and (ii) entire issued share capital of Newasia Global Limited and its subsidiaries (the "**Newasia Group**") (the "**Last Disposal**"). The gain on disposal of the subsidiaries of approximately RMB580,529,000 was included in the consolidated statement of profit or loss for the year ended 30 June 2019.

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

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

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recognition of realised gain arising from changes in fair value of biological assets less costs to sell	
Refer to note 18 to the consolidated financial statements. During the year ended 30 June 2020, the Group recognised realised gain arising from changes in fair value less costs to sell of biological assets in the consolidated statement of profit or loss of amount of approximately RMB31,552,000 which is quantitatively significant to the consolidated statement of profit or loss. The gain arising from changes in fair value of biological assets less costs to sell was recognised when the agriculture produces were harvested from the citrus trees. Upon harvesting, the agriculture produce was measured at fair value less costs to sell at the time of harvest, which was determined based on market prices of similar agriculture 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 and the agriculture produces are normally sold shortly after harvesting. The accounting policy for changes in fair value of biological assets less costs to sell is disclosed in note 4 to the consolidated financial statements.	Our audit procedures in relation to the recognition of the realised gain arising from changes in fair value of biological assets less costs to sell including but not limited to: • obtaining an understanding of the management's valuation process regarding fair value less costs to sell of biological assets; • performing test of details, on a sampling basis, by comparing the market prices and amounts of the sales transactions selected with the details and amounts shown on the underlying documentation including the sales invoices; and • performing arithmetical check on the valuation calculation of biological assets at dates of harvesting. We found that the amounts and timing of the realised gain arising from changes in fair value of biological assets less costs to sell were supported by the available evidence.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from the sales of oranges and other fruits	
Refer to note 8 to the consolidated financial statements . We identified revenue recognised from sales of oranges and other fruits as a key audit matter as the revenue recognised is quantitatively significant to the consolidated statement of profit or loss and material revenue transactions may occur close the reporting period which require management's effort in verifying appropriate cut-off for goods transferred. Revenue from sales of oranges and other fruits is recognised when the goods are delivered and title was passed. The accounting policy for revenue recognition is disclosed in note 4 to the consolidated financial statements. The Group recognised revenue of approximately RMB451,756,000 from the sales of oranges and other fruits for the year ended 30 June 2020, which is disclosed in the consolidated statement of profit or loss and note 8 to the consolidated financial statements.	Our audit procedures in relation to the revenue recognition from the sales of oranges and other fruits including but not limited to: • obtaining an understanding of the revenue recognition process regarding sales of oranges and other fruits; • performing test of details, on a sampling basis, by comparing the details and amounts of the transactions selected with the details and amounts shown on the underlying documentation including the journal vouchers, sales invoices and delivery notes; • assessing, on a sampling basis, whether specific revenue transactions around the reporting date had been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including customers' receipts, and the terms of sales as set out in the relevant agreements; and • testing the recognition of material sales transactions close to the end of the reporting period to assess whether those sales transactions were recognised in appropriate accounting period in accordance with the Group's revenue recognition policy. We found that the amounts and timing of the revenue recognition from the sales of oranges and other fruits were supported by the available evidence.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises all the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "**Other Information**").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the corresponding figures included in the consolidated financial statements. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors 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 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 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Yu Chi Fat.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 31 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2020

	Note	**2020** **RMB'000**	2019 RMB'000
Revenue	8	**451,756**	52,822
Other income	9	**7,580**	8,595
Cost of inventories used		**(409,332)**	(52,162)
Realised gain arising from changes in fair value of biological assets less costs to sell	18	**31,552**	10,702
Depreciation of property, plant and equipment and right-of-use assets		**(9,863)**	(10,421)
Staff costs		**(12,730)**	(14,616)
Gain on disposal of subsidiaries	28	**–**	580,529
Finance cost	10	**(71)**	–
Distribution and other operating expenses		**(4,081)**	(1,994)
General and other administrative expenses		**(21,733)**	(31,839)
Profit before tax	11	**33,078**	541,616
Income tax expense	12	**(8,306)**	–
Profit for the year attributable to owners of the Company		**24,772**	541,616
		RMB	RMB
Earnings per share	15		
– Basic and diluted		**0.020**	0.433

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 2020

	2020 RMB'000	2019 RMB'000
Profit for the year	**24,772**	541,616
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of tax	**(436)**	(3,297)
– Reclassification adjustments for exchange differences on translating foreign operations disposed of	**–**	499
Other comprehensive loss for the year	**(436)**	(2,798)
Total comprehensive income for the year attributable to owners of the Company	**24,336**	538,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	**2020 RMB'000**	2019 RMB'000
ASSETS			
Non-current Assets			
Property, plant and equipment	16	**75,821**	82,494
Right-of-use assets	17	**1,174**	–
		76,995	82,494
Current Assets			
Biological assets	18	**550**	5,438
Inventories	19	**1,478**	1,227
Trade and other receivables	20	**48,571**	12,314
Cash and cash equivalents	21	**31,496**	18,262
		82,095	37,241
Total Assets		**159,090**	119,735
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	22(b)	**12,340**	12,340
Reserves		**117,392**	93,056
Total Equity		**129,732**	105,396

	Note	2020 RMB'000	2019 RMB'000
LIABILITIES			
Current Liabilities			
Trade and other payables	24	**24,818**	14,339
Lease liabilities	25	**1,197**	–
Income tax payables		**3,343**	–
		29,358	14,339
Total Equity and Liabilities		**159,090**	119,735

The consolidated financial statements on pages 54 to 126 were approved and authorised for issue by the board of directors on 31 August 2020 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 2020

	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 2019	12,340	3,711,195	–	–	–	(1,811)	(3,616,328)	105,396
Profit for the year	–	–	–	–	–	–	24,772	24,772
Other comprehensive loss:								
Exchange differences on translation of financial statements of foreign operations, net of tax	–	–	–	–	–	(436)	–	(436)
Total comprehensive income for the year	–	–	–	–	–	(436)	24,772	24,336
Appropriations	–	–	–	–	1,000	–	(1,000)	–
	–	–	–	–	1,000	(436)	23,772	24,336
As at 30 June 2020	12,340	3,711,195	–	–	1,000	(2,247)	(3,592,556)	129,732

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2020

	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	(4,218,959)	(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

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(k)(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(o).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Profit before tax		**33,078**	541,616
Adjustments for:			
Interest income	9	**(36)**	(69)
Finance cost	10	**71**	–
Depreciation of property, plant and equipment	16	**8,687**	10,421
Depreciation of right-of-use assets	17	**1,176**	–
Written-off of biological assets	18	**81**	1,562
Written-off of inventories	11	**1,094**	–
(Gain)/loss on disposal and written-off of property, plant and equipment		**(25)**	4,948
Impairment losses recognised in respect of trade and other receivables		**4,111**	192
Realised gain arising from changes in fair value of biological assets less costs to sell	18	**(31,552)**	(10,702)
Gain on disposal of subsidiaries		**–**	(580,529)
Operating cash flows before movements in working capital		**16,685**	(32,561)
Decrease in biological assets		**36,359**	10,297
(Increase)/decrease in inventories		**(1,345)**	2,382
Increase in trade and other receivables		**(40,346)**	(8,157)
Increase in trade and other payables		**10,268**	1,591
Cash generated from/(used in) operating activities		**21,621**	(26,448)
Income tax paid			
PRC tax		**(4,963)**	–
Net cash generated from/(used in) operating activities		**16,658**	(26,448)

	Note	2020 RMB'000	2019 RMB'000
Investing activities			
Net cash outflow on disposal of subsidiaries	28	–	(4,696)
Purchase of property, plant and equipment		(1,989)	(2,202)
Proceeds from disposal of property, plant and equipment		25	4
Interest received		36	69
Net cash used in investing activities		(1,928)	(6,825)
Financing activities			
Repayment of principal portion of lease liabilities		(1,151)	–
Payment of interest on lease liabilities		(71)	–
Net cash used in financing activities		(1,222)	–
Net increase/(decrease) in cash and cash equivalents		13,508	(33,273)
Cash and cash equivalents at beginning of the year		18,262	54,743
Effect of foreign exchange rate changes		(274)	(3,208)
Cash and cash equivalents at end of the year	21	31,496	18,262

1. GENERAL INFORMATION

Asian Citrus Holdings Limited (the "**Company**") was incorporated in Bermuda on 4 June 2003 as an exempted company with limited liability under the Companies Act of Bermuda and its shares are listed on the Main Board of The 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 Company's functional currency is Hong Kong dollar ("**HKD**"). However, the consolidated financial statements are presented in Renminbi ("**RMB**"), as the board (the "**Board**") of directors of the Company (the "**Directors**") consider that RMB is the functional currency of the primary economic environment in which most of the transactions of the Company and its subsidiaries (the "**Group**") are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in the nearest thousands of RMB ("**RMB'000**"), unless otherwise stated.

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 2020	2019	Principal activities
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
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
Jet Bright Group Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding

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 2020	2019	Principal activities
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
Eternal Rich Worldwide Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Universal International Trading Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Top Trend Corporation Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Asia Wealthy Link Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Basic Cheer Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Fortune Richmate Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Surplus Mark 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**")Δ	PRC	PRC	RMB1,000,000	100%	100%	Planting, cultivation and sale of fruits
Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司)Δ	PRC	PRC	RMB1,000,000	100%	100%	Distribution of fruits

Δ Established in the PRC as wholly foreign-owned enterprise

* For identification purposes only

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

2. BASIS OF PREPARATION

Except as described below, the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements have been prepared under the historical cost convention, except that certain biological assets are carried at their fair values as explained in the accounting policies set out in note 4(q) to the consolidated financial statements.

Prior years' consolidated financial statements

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

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

* *For identification purposes only*

2. BASIS OF PREPARATION *(continued)*

Prior years' consolidated financial statements *(continued)*

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

The Company had also instructed its PRC legal advisers to attend the office of Tianyang Perfuming Garden to exercise its shareholders' right and make enquiries. Nevertheless the management of Tianyang Perfuming Garden refused to cooperate. Further details of these matters were disclosed in the Company's announcement dated 30 June 2017.

As a result of Chen Deqiang's Allegation and Man Guifu's Allegation, the Group's consolidated financial statements for the year ended 30 June 2016 were not available for publication by 30 September 2016, being the time by which the Company was obliged to make such publication under the Listing Rules and Alternative Investment Market ("**AIM**") Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange. Consequently, the shares of the Company were suspended from trading on the HKEx and the AIM with effect from 29 September 2016 (Hong Kong time) and 28 September 2016 (UK time) respectively. As disclosed in the Company's announcement dated 27 March 2017, the London Stock Exchange would cancel the admission of AIM securities where these securities had been suspended from trading for 6 months and as such the Company's shares would be cancelled from trading on AIM with effect from 29 March 2017, being the date that is 6 months from the date when the shares were initially suspended.

* *For identification purposes only*

2. BASIS OF PREPARATION *(continued)*

Prior years' consolidated financial statements *(continued)*

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

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

As disclosed in note 28 to the consolidated financial statements, on 9 May 2019 and 3 June 2019 (the "**Disposal Dates**"), the Group completed the disposal of the entire equity interests in BPG Food & Beverage Co., Ltd. and its subsidiaries (the "**BPG Group**") and Newasia Global Limited and its subsidiaries (the "**Newasia Group**") respectively. Given the circumstances that the Directors have not been able to have access to complete books and records of the PRC subsidiaries (the "**Disposed PRC Subsidiaries**"), which were subsidiaries held under the BPG Group and the Newasia Group, and in the absence of Man Guifu, Chen Deqiang and the management of the Disposed PRC Subsidiaries to explain and validate the true state of affairs and financial performances of the Disposed PRC Subsidiaries up to and as at the Disposal Dates, the Directors considered it would be extremely difficult and time consuming to ascertain the true and correct financial position and profit or loss of the BPG Group and the Newasia Group as of the Disposal Dates and for the period from 1 July 2018 to the Disposal Dates respectively or to obtain sufficient documentary information to satisfy themselves regarding the true and fair presentation of the transactions of these groups of companies during the period from 1 July 2018 to the Disposal Dates and of the various account balances of these groups of companies as at the Disposal Dates respectively. As at the date of approval of the consolidated financial statements of the Group for the year ended 30 June 2019 (the "**2019 Financial Statements**"), the Directors were satisfied that the Group had used its best efforts, to the extent commercially practicable, to attempt to obtain the accounting records of the Disposed PRC Subsidiaries for the past years and up to their respective Disposal Dates, applying the best estimates and judgement based on the information of the BPG Group and the Newasia Group that were available to the Group. In the opinion of the Board, any reconstruction of the correct accounting records would be impracticable as it would be necessary to verify the information with external and independent sources and such sources might not be available or might be unreliable due to their connections with the management of the Disposed PRC Subsidiaries or those responsible for the financial information within and outside of the BPG Group and the Newasia Group.

* *For identification purposes only*

2. BASIS OF PREPARATION *(continued)*

Prior years' consolidated financial statements (continued)

The Board had determined that the Group would continue not consolidating the financial statements of the PRC Subsidiaries except for Lucky Team Hepu (hereinafter also referred to as the "**Deconsolidated Subsidiaries**"). As disclosed in the consolidated financial statements of the Group for the year ended 30 June 2016, the Deconsolidated Subsidiaries had been de-consolidated with effect from 1 July 2015. As such, the results, assets and liabilities of the Deconsolidated Subsidiaries had not been included into the consolidated financial statements of the Group since 1 July 2015. The deconsolidation of the Deconsolidated Subsidiaries had resulted in a loss of approximately RMB3,935,432,000, which was determined based on the carrying amounts of the assets and liabilities of the Deconsolidated Subsidiaries brought forward as at 1 July 2015. This loss had been recognised in the consolidated statement of profit or loss of the Group for the year ended 30 June 2016 and presented as "loss arising from the Incidents".

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

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

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

Furthermore, as mentioned above, the Group had disposed of the BPG Group and the Newasia Group (whose subsidiaries included Lucky Team Hepu) respectively during the year ended 30 June 2019, which the Group had recognised a "gain on disposal of subsidiaries" amounting to approximately RMB580,529,000. Details of the disposal of the BPG Group and the Newasia Group are disclosed in note 28 to the consolidated financial statements.

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

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

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

In the current year, the Group has applied, for the first time, the following new and amendments to standards and interpretations (collectively referred to as the "**new and amendments to IFRSs**") issued by the IASB, which are effective for the Group's financial year beginning from 1 July 2019. A summary of the new and amendments to IFRSs adopted by the Group is set out as follows:

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

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

IFRS 16 Leases

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

Definition of a lease

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

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

As a lessee

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

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

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

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

As a lessee *(continued)*

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

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

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

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

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

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

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

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

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

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

As a lessee *(continued)*

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

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

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

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

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

As a lessee *(continued)*

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

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

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

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

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

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

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

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

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

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

4. 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 the 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.

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 accounted for in accordance with IFRS 16 (since 1 July 2019) or IAS 17 (before application of IFRS 16), 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 within 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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) Disposal of 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 income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9/IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) 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	3.33%
Leasehold improvements	3.33% to 33.33%
Furniture, fixtures and equipment	5% to 33.33%
Motor vehicles	10% 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 expenditures are recognised as expenses in the period in which they are 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.

(d) Construction-in-progress

Construction-in-progress represents farmland 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 construction work is transferred to the appropriate category of property, plant and equipment upon completion of the construction. Depreciation commences when the relevant assets are available for use.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) 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 and determines 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 except when it is not possible to estimate the recoverable amount of an individual asset, in which case the Group estimates the recoverable amount of the cash generating units (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 CGUs 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.

(f) 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.

Net realisable value is based on anticipated sales proceeds less estimated cost of completion and selling expenses.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) 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.

(h) Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 3)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) ***Leases*** *(continued)*

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) *(continued)*

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets include:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) ***Leases*** *(continued)*

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) *(continued)*

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Leases *(continued)*

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) *(continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to 1 July 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) 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. 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 a financial liability and of allocating interest income and interest expenses 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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 and loss ("**FVTPL**"), except that at the date of initial application of IFRS 9/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 ("**OCI**") 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.

A financial asset is 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 a 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 is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

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

The Group recognises a loss allowance for expected credit loss (the "**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.

Assessments 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)*

(i) Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (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 are 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)*

(i) Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (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).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(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)*

(i) Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (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 catered 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) 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.

(j) 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 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 are 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)*

(k) 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 period 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) 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.

(n) Revenue from contracts with customers

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 and presented on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Revenue from contracts with customers (continued)

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

Revenue from planting, cultivation and sale of agricultural produce and distribution of other fruits 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 products 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.

(o) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) 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.

(q) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) 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 a part, provides key management personnel services to the Group or to the parent of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) 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.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information 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. The estimates are 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, plant 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.

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.

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

Fair values of biological assets (continued)

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 uses 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 INSTRUMENTS

(a) Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Financial assets at amortised costs	79,754	30,076
Financial liabilities		
Financial liabilities at amortised cost	(26,015)	(14,339)

(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. 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 risks

(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 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.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risks *(continued)*

(i) Foreign currency risk (continued)

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 foreign currency risk. Management manages the foreign 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	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
HKD	**5,343**	4,275	**11,977**	5,682

Sensitivity analysis

The following table indicates the approximate change in the Group's results 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.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risks *(continued)*

(i) Foreign currency risk (continued)

Sensitivity analysis *(continued)*

	2020 Increase/ (decrease) in foreign exchange rates	2020 Increase/ (decrease) in profit after tax and decrease/ (increase) in accumulated losses RMB'000	2020 Effect on other components of equity RMB'000	2019 Increase/ (decrease) in foreign exchange rates	2019 Increase/ (decrease) in profit after tax and decrease/ (increase) in accumulated losses RMB'000	2019 Effect on other components of equity RMB'000
HKD	10%	(822)	–	10%	(274)	–
	(10%)	822	–	(10%)	274	–

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 2019.

(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 50 basis points in interest rates would have no significant impact on the Group's profit or loss for the year.

6. FINANCIAL INSTRUMENTS *(continued)*

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

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 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 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. As at 30 June 2020, 28.7% (2019: 75.7%) and 91.8% (2019: 100%) of the total trade receivables were due from the Group's largest debtor and the five largest debtors respectively. Those debtors are engaged in fruit distribution business in PRC.

The Group applies IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables from initial recognition onwards. 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 2020, the balance of loss allowance in respect of the trade receivable was RMB343,000 (2019: RMB34,000) based on expected loss rates of up to 2.71% (2019: 4.35%) applied on different groupings.

Deposits paid and other receivables

The Group performs impairment assessment under ECL model upon application of IFRS 9 on deposits paid and other receivables. Deposits paid and other receivables have been grouped based on the days past due and other credit risk characteristics. As at 30 June 2020, the Group has assessed deposits paid and other receivables with gross amount of approximately RMB29,516,000 (2019: RMB359,000) within 12m-ECL based on average expected loss rate of 2.81% (2019: 1.71%) and a loss allowance of approximately RMB830,000 (2019: RMB6,000) was recognised. The remaining gross amount of approximately RMB10,563,000 (2019: 9,951,000) was assessed individually within lifetime ECL. Loss allowance of approximately RMB3,276,000 (2019: RMB298,000) was recognised based on expected loss rate of 31.01% (2019: 3.00%).

6. FINANCIAL INSTRUMENTS *(continued)*

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

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.

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 dates the Group can be required to pay:

2020	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	(24,818)	(24,818)	(24,818)	–	–
Lease liabilities	(1,197)	(1,222)	(1,222)	–	–
Total	(26,015)	(26,040)	(26,040)	–	–

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)	–	–

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 and operating segments are summarised as follows:

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

7. SEGMENT INFORMATION *(continued)*

Segment results, assets and liabilities

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

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

The accounting policies of operating segments are the same as the Group's accounting policies as described in note 4 to the consolidated financial statements. Segment results represent the profit/(loss) after taxation from each segment without allocation of certain other income, gain on disposal of subsidiaries, certain depreciation of property, plant and equipment and right-of-use assets, central administration costs and directors' emoluments. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

There were no inter-segment revenue in both years.

All assets and liabilities are allocated to the reportable segments other than those that are for central administrative purposes, including certain property, plant and equipment, right-of-use assets, certain deposits and other receivables, certain cash and cash equivalents, certain trade and other payables and lease liabilities.

7. SEGMENT INFORMATION *(continued)*

Other Segment Information

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

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

Geographical information

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

Information about major customers

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

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

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

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

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

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

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

8. REVENUE

Disaggregation of revenue from contracts with customers

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

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

9. OTHER INCOME

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

Notes:

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

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

10. FINANCE COST

	2020 RMB'000	2019 RMB'000
Interest on lease liabilities	**71**	–

11. PROFIT BEFORE TAX

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

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

12. INCOME TAX EXPENSE

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

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

(a) *Income tax has been provided for by the Group on the basis stated below:*

(i) Pursuant to the rules and regulations of Bermuda 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 introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

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

(iii) The Group determined its provision for PRC enterprise income tax based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax laws, rules and regulations of the PRC.

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

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

12. INCOME TAX EXPENSE *(continued)*

(a) Income tax has been provided for by the Group on the basis stated below: *(continued)*

(iv) PRC withholding income tax

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

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

	2020 RMB'000	2019 RMB'000
Profit before tax	33,078	541,616
Tax calculated at tax rates applicable to the jurisdictions concerned	7,679	88,237
Tax effect of non-deductible expenses	637	7,567
Tax effect of non-taxable income	(10)	(95,804)
Income tax expense	8,306	–

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	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Directors' emoluments								
Executive directors								
Mr. Ng Ong Nee *(Chairman and Chief Executive Officer)*	1,579	–	1,425	2,755	–	–	3,004	2,755
Mr. Ng Hoi Yue *(Deputy Chief Executive)*	–	–	1,856	1,633	16	16	1,872	1,649
Non-executive directors								
Mr. He Xiaohong	329	318	–	–	–	–	329	318
Independent non-executive directors								
Mr. Chung Koon Yan	219	212	–	–	–	–	219	212
Dr. Lui Ming Wah, PhD, SBS, JP	219	212	–	–	–	–	219	212
Mr. Yang Zhen Han	219	212	–	–	–	–	219	212
	2,565	954	3,281	4,388	16	16	5,862	5,358

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown above were mainly for his services as a Director. The independent non-executive directors' emoluments shown above were mainly for their services as Directors.

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2019: Nil).

The Group has been providing accommodation, which is leased from third party, to Mr. Ng Ong Nee and Mr. Ng Hoi Yue for use by his and his family members at no charge. The estimated money value of the benefit in kind was approximately RMB1,425,000 and RMB408,000 (2019: RMB1,377,000 and RMB371,000) respectively.

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the year ended 30 June 2020 included two (2019: two) directors, details of their emoluments are set out in note 13 above. The emoluments in respect of the remaining three (2019: three) highest paid individuals are as follows:

	2020 RMB'000	2019 RMB'000
Salaries, wages and other benefits	3,039	2,367
Retirement scheme contribution	59	32
	3,098	2,399

No emoluments were paid by the Group to the Directors 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 (2019: Nil).

The number of the three (2019: three) employees with the highest emoluments fell within the following bands:

	2020	2019
Nil to HKD1,000,000	1	2
HKD1,000,001 to HKD1,500,000	2	1

15. EARNINGS PER SHARE

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

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

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

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

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 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 and 1 July 2019	–	27,337	4,818	4,999	2,956	88,596	53,435	182,141
Additions	934	–	–	51	288	72	644	1,989
Disposal and written-off	–	–	–	–	(255)	–	–	(255)
Exchange alignment	–	–	19	15	2	–	–	36
As at 30 June 2020	934	27,337	4,837	5,065	2,991	88,668	54,079	183,911
Accumulated depreciation and impairment								
As at 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 and 1 July 2019	–	10,133	3,437	3,126	2,734	73,015	7,202	99,647
Charge for the year	–	823	497	431	133	2,332	4,471	8,687
Written back upon disposal and written-off	–	–	–	–	(255)	–	–	(255)
Exchange alignment	–	–	11	–	–	–	–	11
As at 30 June 2020	–	10,956	3,945	3,557	2,612	75,347	11,673	108,090
Carrying amounts								
As at 30 June 2020	934	16,381	892	1,508	379	13,321	42,406	75,821
As at 30 June 2019	–	17,204	1,381	1,873	222	15,581	46,233	82,494

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

Certain property, plant and equipment, including but not limited to the bearer plants of the Group, were being occupied for the Plantation Business which is operated under the terms set out in a business cooperation agreement entered into between the Group and a cooperator whereby the cooperator would contribute farmland for use in the Plantation Business and the Group would contribute those property, plant and equipment as well as provide and bear the costs of fertilisers, pesticides, labour, technical support on cultivation and soil management. The Group will be entitled to 90% of the income generated from the Plantation Business accordingly.

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

	2020 Number of trees '000	2019 Number of trees '000
Citrus trees	**341**	341

17. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
As at 1 July 2019, as restated (note 3)	2,303
Depreciation charge for the year	(1,176)
Exchange alignment	47
As at 30 June 2020	1,174
Expense relating to short-term leases and other leases with lease terms end within 12 months on the date of initial application of IFRS 16	252
Total cash outflow for leases	1,474

For both years, the Group leases a property in Hong Kong for its operations. Lease contract is entered into for a fixed term of two years. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

18. BIOLOGICAL ASSETS

	2020 RMB'000	2019 RMB'000
As at 1 July	**5,438**	6,595
Increase due to cultivation	**13,508**	22,970
Realised gain from changes in fair value less costs to sell	**31,552**	10,702
Written-off of biological assets	**(81)**	(1,562)
Decrease due to harvested	**(49,867)**	(33,267)
As at 30 June	**550**	5,438

Notes:

(a) During the year ended 30 June 2020, the Group harvested approximately 14,493 tonnes (2019: 13,575 tonnes) of oranges. The Directors 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 cultivated by the Agriculture Company were in premature stage as at 30 June 2020, 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 considered that the fair value of these oranges 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 with carrying amount of approximately RMB550,000 (2019: RMB5,402,000) were stated at cost as at 30 June 2020, representing cultivation cost incurred, mainly comprising fertilisers, pesticides and labour costs.

The Group had also cultivated dragon fruit as at 30 June 2019 with carrying amount of approximately RMB36,000. However due to the unsatisfactory result on seeds input for the current period, the Directors considered to write-off the full amount for the year ended 30 June 2020.

18. BIOLOGICAL ASSETS *(continued)*

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. 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.

(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 prices. The Group does not anticipate that orange prices will decline significantly in the foreseeable future. The Group reviews its outlook for orange prices regularly in considering the need for active price risk management.

19. INVENTORIES

	2020 RMB'000	2019 RMB'000
Raw materials	**1,478**	1,227

During the year ended 30 June 2020, the Group recognised inventories write-down of approximately RMB1,094,000 due to damages of citrus and fruits during transportation.

20. TRADE AND OTHER RECEIVABLES

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

Note:

As at 30 June 2020, included in the deposits paid and other receivables were mainly (i) trade deposits of approximately RMB29,211,000 (2019: Nil), which were refundable trade deposits paid to suppliers as prepayments for purchases for the Group's fruit distribution business; and (ii) amount due from Lucky Team Hepu of approximately RMB10,563,000 (2019: RMB9,951,000).

20. TRADE AND OTHER RECEIVABLES *(continued)*

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

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

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

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

	Lifetime ECL RMB'000
As at 1 July 2018	4
Impairment losses recognised, net	30
As at 30 June 2019 and 1 July 2019	34
Impairment losses recognised, net	309
As at 30 June 2020	**343**

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

	RMB'000
As at 1 July 2018	162
Disposal of subsidiaries	(20)
Impairment losses recognised, net	162
At 30 June 2019 and at 1 July 2019	304
Impairment losses recognised, net	3,802
As at 30 June 2020	**4,106**

The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables for the year ended 30 June 2020 are set out in note 6 to the consolidated financial statements.

21. CASH AND CASH EQUIVALENTS

	2020 RMB'000	2019 RMB'000
Cash at bank and on hand	**31,496**	18,262

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 (2019: RMB1,000) were located in Hong Kong which are not subject to the foreign exchange control. The remaining cash and cash equivalents in RMB of approximately RMB28,269,000 (2019: RMB15,266,000) were placed with banks in the PRC.

Cash at bank earns interests at floating rates based on daily bank deposit rates.

For the year ended 30 June 2020, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided for.

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 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 and 1 July 2019	3,711,195	–	(3,726,711)	(15,516)
Loss and total comprehensive loss for the year	–	–	(18,245)	(18,245)
As at 30 June 2020	**3,711,195**	**–**	**(3,744,956)**	**(33,761)**

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

(b) Share capital

	Number of shares	HKD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 July 2018, 30 June 2019, 1 July 2019 and 30 June 2020	2,000,000,000	20,000
Issued and fully paid:		
At 1 July 2018, 30 June 2019, 1 July 2019 and 30 June 2020	1,249,637,884	12,496
		RMB'000
Equivalent to		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 2020 (2019: 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 would 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 had taken effect upon the commencement of Dealings shares on the HKEx on 26 November 2009.

Under the Share Option Scheme, the Directors 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 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 2020 is Nil (2019: Nil).

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

	Number of options granted	Vesting conditions	Contractual life of options	Expiry date
Options granted to Directors :				
– on 21 May 2015	4,000,000	(i)	4 years	20 May 2019
Options granted to employees:				
– on 28 February 2011	20,000,000	(ii)	8 years	27 February 2019
– on 21 May 2015	23,000,000	(i)	4 years	20 May 2019
Total share options granted	47,000,000			

Notes:

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

(ii) 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	
	Number of share options	Weighted average exercise price
Outstanding at beginning of year	31,960,000	HKD5.40
Lapsed during the year	(31,960,000)	HKD5.40
Outstanding at end of year	–	–

There were no remaining share option exercisable at the end of 30 June 2019 and 2020.

There were no share options cancelled during the years ended 30 June 2019 and 2020.

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.

24. TRADE AND OTHER PAYABLES

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

Note:

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

The average credit period granted by suppliers was 30 days.

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

24. TRADE AND OTHER PAYABLES *(continued)*

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

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

25. LEASE LIABILITIES

	Minimum lease payments 2020 RMB'000	Present value of minimum lease payments 2020 RMB'000
Lease liabilities payable:		
– within one year	1,222	1,197
– more than one year but not more than five years	–	–
– more than five years	–	–
	1,222	1,197
Less: Future finance costs	(25)	–
Present value of lease liabilities	1,197	1,197
Less: Amount due for settlement with 12 months shown under current liabilities		(1,197)
Amount due for settlement after 12 months shown under non-current liabilities		–

The lease liabilities were denominated in HKD.

26. COMMITMENTS

Operating lease commitments

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

	2019 RMB'000
Within one year	1,532
After one year but within five years	1,332
After five years	–
	2,864

As at 30 June 2019, operating lease payments represented rental payable by the Group for certain premises under operating lease. The lease of premises was negotiated for initial terms of two years. The lease did not include contingent rentals. The Group did not have an option to purchase the leased premises at the expiry of the lease period.

Capital commitments

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

27. 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 Director at the end of reporting period are set out in note 24.

(b) Compensation of key management personnel

	2020 **RMB'000**	2019 RMB'000
Short-term employee benefits	**6,957**	6,260
Contributions to defined contribution retirement plans	**33**	32
	6,990	6,292

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

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 Directors' best knowledge, information, beliefs 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 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 at a 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 derecognised from the consolidated financial statements at the date of completion of disposal:

	2019 RMB'000
Cash and bank balances	5
Amount due to the Deconsolidated Subsidiaries	(571,442)
Net liabilities derecognised	(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 derecognised	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)

At the date of completion of disposal, the Group had amount due to the BPG Group of approximately RMB278,410,000 which was also assigned to the purchaser.

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 Directors' best knowledge, information, beliefs and having made all reasonable enquiries, was an independent third party to the Group, to dispose of 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 a 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 the Newasia Group ceased.

Analysis of assets and liabilities derecognised from the consolidated financial statements at the date of completion of disposal:

	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 derecognised	(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 derecognised	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. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 RMB'000	2019 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	–	61
Interests in subsidiaries	1	1
	1	62
Current assets		
Other receivables	292	359
Amount due from a subsidiary	25,107	–
Cash and cash equivalents	2,430	1,671
	27,829	2,030
Total assets	27,830	2,092
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	12,340	12,340
Reserves	(33,761)	(15,516)
Total Equity	(21,421)	(3,176)
LIABILITIES		
Current liabilities		
Other payables and accruals	9,465	5,268
Amount due to a subsidiary	39,428	–
Amount due to a director	358	–
	49,251	5,268
Total equity and liabilities	27,830	2,092

Signed on behalf of the board of directors by:

Ng Ong Nee *Executive Director*	**Ng Hoi Yue** *Executive Director*

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified as cash flows from financing activities in the Group's consolidated statement of cash flows.

	Lease liabilities RMB'000
At 1 July 2019	2,303
Financing cash flows	(1,222)
Interest expenses	71
Exchange alignment	45
At 30 June 2020	1,197

31. EVENTS AFTER THE REPORTING PERIOD

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised to issue by the board of directors on 31 August 2020.

FIVE YEAR FINANCIAL SUMMARY

	Year ended 30 June				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue	**451,756**	52,822	54,249	–	–
Profit/(loss) before tax	**33,078**	541,616	(221,792)	(28,466)	(5,216,629)
Income tax expense	**8,306**	–	–	–	–
Profit/(loss) for the year	**24,772**	541,616	(221,792)	(28,466)	(5,216,629)

	As at 30 June				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current assets	**76,995**	82,494	96,822	5,799	2,370
Current assets	**82,095**	37,241	70,151	21,850	51,099
Total assets	**159,090**	119,735	166,973	27,649	53,469
Non-current liabilities	**–**	–	–	–	–
Current liabilities	**29,358**	14,339	600,229	241,618	239,938
Capital and reserves	**129,732**	105,396	(433,256)	(213,969)	(186,469)

COMPANY INFORMATION

DIRECTORS

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

Non-executive Director
Mr. HE Xiaohong

Independent Non-executive Directors
Mr. CHUNG Koon Yan
Dr. LUI Ming Wah, PhD, SBS, JP
Mr. YANG Zhen Han

COMPANY SECRETARY

Miss NG Ling Ling

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