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

(Incorporated in Bermuda with limited liability)

(Stock Code: 73)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2021 together with its comparative figures for the year ended 30 June 2020.

RESULTS OF OPERATIONS

	For the year ended 30 June		
	2021	2020	% change
	(RMB Million)	*(RMB Million)*	
Reported financial information			
Revenue	**195.6**	451.8	–56.7
Other income	**9.4**	7.6	23.7
Profit before tax	**7.3**	33.1	–77.9
Net operating profit	**4.0**	24.8	–83.9
Profit attributable to shareholders	**4.0**	24.8	–83.9
Basic earnings per share (RMB)	**0.003**	0.020	–85.0

FINANCIAL POSITION

	As at 30 June 2021	As at 30 June 2020	% change
	(RMB Million)	*(RMB Million)*	
Total assets	**266.3**	159.1	67.4
Net current assets	**141.6**	52.7	168.7
Cash and cash equivalents	**167.9**	31.5	433.0
Shareholders' fund	**214.5**	129.7	65.4
Current ratio (x)	**3.73**	2.80	33.2

CHAIRMAN'S STATEMENT

On behalf of the Board of the Company, I am pleased to present the latest development, progress and annual results of the Group for the year ended 30 June 2021 (the "**FY2020/21**") to the shareholders of the Company.

REVIEW

The FY2020/21 was a challenge for the Group. The global economy is in serious recession as the COVID-19 epidemic has caused a global health crisis and no country is spared. Many countries continue to flatten the spread of the COVID-19 by using lockdown to protect susceptible population that has had adverse impact on the economic activity. The global economy has only achieved a vulnerable recovery from the depths of the COVID-19. With renewed waves and new variants of the COVID-19 undermining efforts to return to normal, most countries need longer time to reach output at pre-pandemic levels.

With the persevering efforts of the Directors and senior management of the Company, significant progress had been made during the FY2020/21. Firstly, the Group entered into a sale and purchase agreement in respect of the acquisition of land and properties in the People's Republic of China ("**China**" or the "**PRC**") in January 2021 (the "**Acquisition of Target Land and Properties**") and obtained approval by way of an ordinary resolution passed by the Shareholders at a special general meeting held in April 2021. Secondly, the Company entered into a placing agreement in January 2021 and completed the placing of an aggregate of 1,250,000,000 placing shares to not less than six placees at the placing price of HK$0.08 per placing share pursuant to the terms and conditions of the placing agreement in April 2021. Thirdly, the Group entered into an equity transfer agreement in respect of the acquisition of entire equity interest of an enterprise in the PRC in June 2021 (the "**Acquisition of the Target Company**"). As at the date of this announcement, the Acquisition of Target Land and Properties and the Acquisition of the Target Company have not yet been completed. Details of these matters are disclosed in the "Management Discussion and Analysis" section under the subsection headed "Other Significant Events" in this announcement.

The principal activities of the Group include the Plantation Business and the Fruit Distribution Business. For the Group's operations, a total revenue of approximately RMB195.6 million was recorded for the FY2020/21, representing a decrease by approximately 56.7% as compared to the total revenue of approximately RMB451.8 million for the year ended 30 June 2020 (the "**FY2019/20**"). The operating profit was approximately RMB4.0 million for the FY2020/21, represented a significant decrease by approximately 83.9% as compared to the operating profit of approximately RMB24.8 million for the FY2019/20. The decline in the performance mainly reflected the reduction in production volume of oranges caused by the poor weather in Hepu area during the first quarter of 2021 and the decrease in demand caused by the adverse impact of COVID-19 epidemic.

PROSPECTS

The COVID-19 epidemic is expected to continue globally in 2021-2022, China's fruit planting and trading industry will continue to face operational difficulties. The best estimate is that the COVID-19 epidemic is expected to be completely over by the end of 2022. Additionally, the Chinese government has issued a serious of measures to boost economic growth in order to increase income of Chinese residents. China's economy is projected to grow 8.1% in 2021 and 5.7% in 2022 according to the "World Economic Outlook Update" issued by International Monetary Fund in July 2021. China's fruit planting and trading industry will assume to be recovered in near future.

The Group is of the view that the Plantation Business will continue to perform steadily in accordance with its business plans, in particular, on the reform through the deploying procedures to improve its plantation technology and processes at the plantation such as cost control and productivity management, and through the diversified fruit projects by providing professional/technical advisory services to local farmers in exchange for certain management income. The Group also continues to receive recurring orders from various customers and cooperate with its suppliers seamlessly for its Fruit Distribution Business of which the scale and market penetration under the Group's own brand "Royalstar 新雅奇" are expected to grow organically at a steady pace.

The Acquisition of Target Land and Properties provides an opportunity for the Group to establish a distribution centre to cater for the development of the Fruit Distribution Business in Shenzhen, Guangdong. The well-developed transportation networks in Guangdong can improve the delivery of the fruits to customers in Southern China in an efficient and a cost-effective manner. The Acquisition of the Target Company represents a valuable step to diversify the Group's business portfolio which enables the Group to increase revenue in order to enhance long-term profitability and sustainability through investment in new business opportunities.

The Group will remain conservative and formulate different sales strategies with prudent attitude towards market changes caused by the COVID-19 epidemic in the remainder of 2021 and in 2022. Nevertheless, the Directors will take precautionary measures to mitigate any possible impact of economic downturn faced by the Group. The Company will continue to explore new business opportunities with a view to generating revenue to the Group and creating returns to the shareholders of the Company.

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 2021/22 onwards.

Ng Ong Nee
Chairman

30 September 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

2021-2022 will be a challenging period for the fruit planting and trading industry in the PRC.

On the one hand, 2021 is the first year of China's 14th Five-Year Plan (十四五規劃, 2021-2025), and the Chinese government has issued a series of measures to boost economic growth, which is expected to be effective and increases the income of Chinese residents. In the long run, it is expected to stimulate the demand for fruits in the Chinese market and further promote the development of the fruit planting and trading industry.

On the other hand, however, the ongoing impact of the COVID-19 epidemic is expected to last till 2022, thus adversely affecting the Chinese fruit planting and trading industry in the following ways:

(1) Although the epidemic has been under control in China since 2021, regional outbreaks still occur. In response to that, local governments in China would adopt policies such as lockdown, thus having a significant impact on the retail industry, including fruit sales.

(2) Due to COVID-19, the operations of the logistics industry in China need to take measures like disinfection in accordance with the government's COVID-19 containment regulations, which has caused inefficiency and additional costs. In other words, it has led to the longer time and higher cost of transporting fruits from the place of origin to the place of consumption and therefore has had a negative impact on the fruit planting and trading industry in China.

(3) During the COVID-19 epidemic, the Chinese government has taken measures like government subsidies and tax cuts for some key industries. However, the fruit planting and trading industry does not belong to those key industries, so such preferential measures have hardly helped relevant enterprises of non-key industries. Meanwhile, the shop rentals and labor costs (wages and social security costs) in China are rising, making Chinese fruit planting and trading enterprises commonly face the plight of declining revenue but rising costs. China's fruit planting and trading industry is expected to see an overall decline in revenue and an increase in losses from 2021 to 2022.

(4) A large number of small and medium-sized enterprises in China have closed down and the employment opportunity has reduced since the COVID-19 outbreak in early 2020, making it difficult for some Chinese residents to achieve their expected income level from 2021 to 2022. Consequently, consumer behavior will vary and people may be reluctant to spend on expensive fruits, which is detrimental to the development of the high-quality fruit market in China.

(5) Some media have claimed without reliable evidence that fresh products, such as seafood and fruits, can transmit the COVID-19 virus, causing panic in some Chinese consumers who thus reduce the frequency of purchasing fruits.

The COVID-19 epidemic is expected to continue in 2021-2022, which means China's fruit planting and trading industry will continue to face operational difficulties. But it is expected that by the second half of 2022, with the popularization of the vaccine and other factors, the COVID-19 epidemic is expected to be completely under control or even come to an end in the world. At that time, the Chinese fruit planting and trading industry is expected to restore growth or even see explosive growth.

BUSINESS REVIEW

During the year ended 30 June 2021, the principal business activities of the Company include the Plantation Business and the Fruit Distribution Business (as defined below).

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

The Fruit Distribution Business is principally engaged in the distribution of various high-quality fruits in the PRC (the "**Fruit Distribution Business**"). The Group selects quality suppliers and provides technical and professional advisory services to them for improvement in cultivation yield. Driven by the demand of the customers for different types of fruits, the Group sources various types of fruits from those quality suppliers and then distributes the fruits to its customers, after 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 continued to procure additional new customers across different cities in the PRC in furtherance of its Fruit Distribution Business as well as to secure additional supply channels 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 development in the scale of operation and market penetration of the Group's businesses.

FINANCIAL REVIEW

Revenue

The Group recorded total revenue of approximately RMB195.6 million (2020: RMB451.8 million) for the year ended 30 June 2021.

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		
	2021	2020	% change
	RMB'000	*RMB'000*	
Plantation Business	**26,174**	50,394	–48.1
Fruit Distribution Business	**169,444**	401,362	–57.8
Total	**195,618**	451,756	–56.7

For the year ended 30 June 2021, the Group recorded revenue of approximately RMB26.2 million (2020: RMB50.4 million) from the Plantation Business on completion of the harvest seasons of both winter and summer oranges in the Hepu Plantation, which represented a decrease by approximately 48.1% as compared to last year. The decrease was mainly attributable to (i) the decrease in both production volume and sales volume for oranges as a result of the effect of high temperature and drought in Hepu area during the period from January 2021 to April 2021 leading to water scarcity for irrigation, which adversely affected the fruit size as well as production volume of the summer orange crop; and (ii) the decrease in average selling price of summer oranges during the harvest season in 2021 as a result of reduction in the volume of premium-grade oranges being sold at a higher price caused by poor weather.

For the year ended 30 June 2021, the Group recorded revenue of approximately RMB169.4 million (2020: RMB401.4 million) from the Fruit Distribution Business, which represented a decrease by approximately 57.8% as compared to last year. The decrease was mainly attributable to (i) the reduction in volume of fruit imported due to (a) more restriction controls imposed by the Chinese government on certain kinds of fruit imported from the United States of America and Australia resulting from the deterioration of the Sino-US and Sino-Australian relationships; and (b) the negative impact on logistics for transportation of durians from Malaysia under tightened lockdown measures to curb the risk of COVID-19 infection during the first half year of 2021; (ii) the negative impact on customers' confidence in the fruit market due to rumors associated with imported fruits carrying coronavirus; and (iii) a temporary decline in the demand for high-quality fruits from certain major customers of the Fruit Distribution Business as a result of weak consumers' spending sentiment suffering from the impact of the COVID-19 pandemic and the trade war negotiation between the PRC and the United States of America.

Other income

For the year ended 30 June 2021, the Group recorded other income in the amount of approximately RMB9.4 million (2020: RMB7.6 million), which were mainly generated from various business cooperation agreements with independent farmers; government subsidy received under the Employment Support Scheme from The Government of Hong Kong Special Administrative Region; gain on disposal of property, plant and equipment; and licence fee income for granting the right for use of premises. The other income increased by 23.7% due to (i) the increase in management income from the individual farmers for providing professional and technical advisory services resulted from the new cooperation agreements executed by the Group in the current year and (ii) increase in licence fee income resulted from the licence agreement entered into by the Group in the current year.

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

For the year ended 30 June 2021, realised gain arising from change in fair value of the biological assets less costs to sell, which represented the net increase of fair value of the oranges when the Group's oranges became mature and were harvested, amounting to approximately RMB15.3 million (2020: RMB31.6 million) was recognised.

Staff costs

For the year ended 30 June 2021, the staff costs of the Group amounted to approximately RMB9.1 million (2020: RMB12.7 million). The decrease in staff costs by approximately 28.3% was mainly attributable to (i) the waiver of director emoluments from an executive director of the Company as a voluntary contribution to curtail operating costs; (ii) the reduction of the rental expenses for directors' accommodation; and (iii) the reduction of the total number of staff of the Group.

Distribution and other operating expenses

For the year ended 30 June 2021, the distribution and other operating expenses of the Group amounted to approximately RMB0.9 million (2020: RMB4.1 million), which comprised of service charges for import fruits agent and transportation expenses. These expenses decreased significantly by approximately 78.0% as the service charges for import fruits agent and transportation expenses reduced due to the drop in sales volume from the Fruit Distribution Business.

General and other administrative expenses

For the year ended 30 June 2021, the general and other administrative expenses of the Group amounted to approximately RMB14.1 million (2020: RMB21.7 million), which comprised primarily of office administration expenses, legal and professional fees, plantation security charges, auditors' remuneration, etc. These expenses decreased by approximately 35.0% mainly due to (i) the decrease in impairment losses recognised in respect of trade and other receivables; (ii) no further written-down of inventories for current year after the written-down of inventories of approximately RMB1.1 million recognised for the year ended 30 June 2020; and (iii) the stringent cost control measures implemented by the Group.

Income tax expense

For the year ended 30 June 2021, income tax expense of the Group amounted to approximately RMB3.3 million (2020: RMB8.3 million), which comprised the enterprise income tax charged and payable by the Group under the Fruit Distribution Business on the profit earned in the PRC.

Profit from operation and profit attributable to shareholders for the year

For the year ended 30 June 2021, profit from operation of the Group and profit attributable for the shareholders of the Company (the "**Shareholders**") was approximately RMB4.0 million (2020: RMB24.8 million), represented a significant decrease by approximately 83.9% as compared to last year which was mainly due to the significant decrease in revenue generated from both the Plantation Business and the Fruit Distribution Business as explained above.

RISK FACTORS

Plantation Business

Climate changes and natural disasters

The Group's orange plantation is exposed to the risk of damage from climatic changes and natural disasters. In the event of adverse weather conditions, such as droughts, floods, typhoons, hailstorms, frost and rainstorms, and natural disasters, such as forest fire, diseases, insect infestation and pests, occur in Hepu area, the Plantation Business is likely to suffer a significant decline in productivity due to the damage to farming and its equipment. Eventually, it will have an adverse impact on the Group's revenue and financial performance.

Contractual arrangement at Hepu Plantation

The Hepu Plantation, which comprises approximately 46,000 mu farmland located in Hepu county of Guangxi, is operated under a business cooperation agreement ending in 2050 (the "**Agreement**"). The Agreement was entered into between the Group and a cooperator (the "**Cooperator**") whereby the Cooperator would contribute farmland for use in the Plantation Business and the Group would be responsible for contributing those property, plant and equipment as well as providing and bearing 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 Hepu Plantation accordingly.

The Cooperator currently leases certain farmland from owners paying annual rent at rates, subject to periodic review and revision, based on a reasonable standard agreed upon in 2000 when China's economy was experiencing a stage of development with low price index. As China's economy has been developing rapidly in the last decade, the owners of the farmland have been repeatedly requesting an increase in rent via different means. In order to maintain a stable cooperation environment, the Cooperator has been negotiating through co-ordination with local government department and may likely to raise the rent to a desirable level in the near future. It is obvious that the rent raise will increase Hepu Plantation's operating costs and lower its profit level to a certain extent. However, a reasonable increase in the rent will help to promote a harmonic cooperation environment between the Cooperator and the owners of the farmland to facilitate a smooth running of the Plantation Business.

Fruit Distribution Business

The COVID-19 epidemic is expected to continue globally in 2021-2022, which means the risks facing the Fruit Distribution Business in China in 2021-2022 will be mainly caused by COVID-19. The optimistic estimate is that the COVID-19 epidemic will be contained globally in the second half of 2022 as the vaccine becomes available for everyone. In 2021-2022, COVID-19 will have a continuing impact on the Fruit Distribution Business in China mainly in the following ways:

(1) The COVID-19 epidemic has affected the normal operations of the fruit distribution industry in China, resulting in its lower sales revenue. Although the epidemic is now under control in China and there is no risk of a national outbreak, there are still some regional outbreaks in different parts of China. In response to the epidemic, local governments in China have adopted policies such as lockdown, which have affected normal business operations, including those of the fruit distribution industry.

(2) Since the COVID-19 outbreak in early 2020, a large number of small and medium-sized enterprises in China have closed down and the employment opportunity has reduced, making it difficult for some Chinese residents to achieve their expected income level from 2021 to 2022. Consequently, consumer behavior will vary and people may be reluctant to spend on expensive fruits.

(3) While the revenue of China's fruit distribution industry has reduced because of the COVID-19 epidemic, shop rents and labour costs (wages and social security costs) continue to rise in China. Therefore, the profitability of the fruit distribution industry has dropped, causing many companies to incur losses.

Globally, COVID-19 is expected to be completely over by the end of 2022. Hopefully, China's fruit distribution industry will see a recovery in growth at that time.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 30 June 2021 (2020: Nil).

CAPITAL

As at 30 June 2021, the total number of issued shares of the Company (the "**Shares**") was 2,499,637,884 (2020: 1,249,637,884).

LIQUIDITY AND FINANCE RESOURCES

Liquidity

As at 30 June 2021, the Group did not have liabilities in respect of debt instruments nor bank borrowings. The net cash position of the Group was approximately RMB167.9 million as at 30 June 2021 (30 June 2020: RMB31.5 million).

As at 30 June 2021, the current ratio and quick ratio were 3.73 and 3.71 respectively (30 June 2020: 2.80 and 2.73 respectively).

Funding and treasury policy

During the year ended 30 June 2021, the Group had sufficient funds for its operation and would continue to adopt stringent cost control and conservative treasury policies in the running its businesses.

Charge on assets

None of the Group's assets were pledged as at 30 June 2021 (2020: Nil).

Capital commitments

As at 30 June 2021, the Group had capital commitments of approximately RMB54.5 million (2020: RMB70,000), mainly related to the acquisition of land and properties and an enterprise in the PRC as disclosed in the paragraphs headed "(1) Acquisition of Land and Properties in the PRC" and "(4) Acquisition of Entire Equity Interest of an Enterprise in the PRC" under the sub-section headed "OTHER SIGNIFICANT EVENTS" in this section, "MANAGEMENT DISCUSSION AND ANALYSIS".

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 currency giving rise to this risk is 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 and 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 2021, the Group had 28 (2020: 36) permanent employees.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2021 (2020: Nil).

OTHER SIGNIFICANT EVENTS

(1) Acquisition of Land and Properties in the PRC

On 21 October 2020, Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司) (the "**Potential Purchaser**"), a wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the "**MOU**") with 高錫武 (Mr. Gao Xiwu*), an independent third party, relating to the potential acquisition of the Target Land and Properties (as defined below).

Pursuant to the MOU, the Potential Purchaser intends to acquire, or to nominate a member of the Group to acquire, and Mr. Gao Xiwu intends to dispose of, the entire interest in a building complex comprising four building blocks as plant, office premises, warehouse and staff quarters located at the junction of Dongcun Road and Xingqiao Road, Longgang District, Shenzhen, Guangdong Province, the PRC (中國廣東省深圳市龍崗區東村路與興橋路交界) (the "**Target Land and Properties**") free from encumbrances. On 28 October 2020, an earnest money of RMB5 million (the "**Earnest Money**") was paid by the Group to Mr. Gao Xiwu pursuant to the MOU.

On 19 January 2021, 深圳市冠佳利實業有限公司 (Shenzhen Guanjiali Industrial Limited*) ("**Shenzhen Guanjiali**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Mr. Gao Xiwu, in respect of the sale and purchase of the Target Land and Properties at an aggregate consideration of RMB57 million (the "**Consideration**"), which shall be settled by cash to be financed by the net proceeds from the Placing (as defined below) (the "**Acquisition of Target Land and Properties**"). The Earnest Money in the amount of RMB5 million was applied as a deposit pursuant to the Sale and Purchase Agreement.

The Acquisition of Target Land and Properties was approved by way of an ordinary resolution passed by the Shareholders at a special general meeting held on 8 April 2021 (the "**SGM**") in accordance with the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HKEx**").

Subsequently, three supplemental agreements were entered into by Shenzhen Guanjiali and Mr. Gao Xiwu on 30 April 2021, 30 June 2021 and 10 August 2021 respectively to extend the timeframes according to the progress of the application for approval and/or registration of the Acquisition of Target Land and Properties to the relevant government authorities and the submission of the application for transferring the title registration of the Target Land and Properties to Shenzhen Real Estate Registration Centre (深圳市不動產登記中心) upon obtaining the approval from the Bureau of Industry and Information Technology (工業和信息化局).

On 20 July 2021, a payment of RMB9.25 million was paid in accordance with the Sale and Purchase Agreement by the Group to Mr. Gao Xiwu when the Group obtained an approval of the Acquisition of Target Land and Properties from the Bureau of Industry and Information Technology of Longgang District, Shenzhen (深圳市龍崗區工業和信息化局) on 16 June 2021 and submitted the application for transferring the title registration of the Target Land and Properties to Shenzhen Real Estate Registration Centre on 13 July 2021.

(2) The placing of new shares under specific mandate

On 19 January 2021, the Company entered into a placing agreement (the "**Placing Agreement**") with Cinda International Securities Limited (the "**Placing Agent**"), pursuant to which the Placing Agent has conditionally agreed to procure, on a best-effort basis, not less than six placees, who and whose ultimate beneficial owner shall be independent third parties, to subscribe for up to 1,250,000,000 placing shares (the "**Placing Shares**") at the placing price of HK$0.08 per placing share (the "**Placing**"). Placing Shares were allotted and issued pursuant to a specific mandate sought from the Shareholders by way of an ordinary resolution at the SGM.

The completion of the Placing took place on 19 April 2021. An aggregate of 1,250,000,000 Placing Shares have been successfully placed to not less than six placees at the placing price of HK$0.08 per Placing Share pursuant to the terms and conditions of the Placing Agreement. The net proceeds from the Placing, after deduction of all relevant expenses (including but not limited to placing fees, legal expenses and disbursements, and other expenses incidental to the Placing) amounted to approximately HK$94.7 million, which are intended to be used for (a) financing of the Consideration; (b) the refurbishment of the Target Land and Properties; and (c) the working capital of the Group for daily operations, details of which are set out in the section headed "Use of proceeds" in the "Letter from the Board" of the Company's circular dated 16 March 2021.

(3) Increase in Authorised Share Capital

To facilitate the Placing and provide the Company with greater flexibility for future development, the Board proposed to increase the authorised share capital of the Company from HK$20,000,000 to HK$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 3,000,000,000 new Shares (the "**Increase in Authorised Share Capital**"). Such new Shares, upon issue, shall rank pari passu in all respects with the existing Shares. The Increase in Authorised Share Capital was approved by way of an ordinary resolution passed by the Shareholders at the SGM.

For more details, the Acquisition of Target Land and Properties, the Placing and the Increase in Authorised Share Capital were disclosed in the Company's announcements dated 19 January 2021, 20 January 2021, 8 April, 2021 and 19 April 2021 and the Company's circular dated 16 March 2021.

(4) Acquisition of Entire Equity Interest of an Enterprise in the PRC

On 29 June 2021, the Potential Purchaser, Shenzhen Jinlong Air Conditioning Electric Co., Ltd.* (深圳市金龍空調電器有限公司) (the "**Vendor**"), a company established in the PRC with limited liability and Shenzhen Jinlong Construction Engineering Co., Ltd.* (深圳市金龍建設工程有限公司) (the "**Target Company**"), a company established in the PRC with limited liability, which is wholly-owned by the Vendor, entered into an equity transfer agreement (the "**Equity Transfer Agreement**"), pursuant to which the Potential Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest of the Target Company at a consideration of RMB2,500,000, subject to adjustment (the "**Acquisition of the Target Company**").

On 7 July 2021, RMB250,000 was paid by the Group to the Vendor pursuant to the Equity Transfer Agreement.

For more details, the Acquisition of the Target Company was disclosed in the Company's announcements dated 29 June 2021 and 12 July 2021.

PROSPECTS

The Group is of the view that the Plantation Business will continue to perform steadily in accordance with its business plans, in particular, on the reform through the deploying procedures to improve its plantation technology and processes at the plantation, such as cost control and productivity management, and through the diversified fruit projects by providing professional/technical advisory services to local farmers in exchange for certain management income. The Group also continues to receive recurring orders from various customers and cooperate with its suppliers seamlessly for its Fruit Distribution Business of which the scale and market penetration under the Group's own brand "Royalstar 新雅奇" are expected to grow organically at a steady pace.

The Acquisition of Target Land and Properties provides an opportunity for the Group to establish a distribution centre to cater for the development of the Fruit Distribution Business. As the Target Land and Properties comprise four well-established buildings with multi-functions including workshops, offices and dormitories which are likely to satisfy the operating requirements of the distribution centre, the Group would be able to serve a wide spectrum of needs in the fruit distribution market. Furthermore, given that the Target Land and Properties are located in Shenzhen, Guangdong Province which has the well-developed transportation networks in the PRC, the Group believes that the fruits, after being processed, can be delivered to the customers in Southern China in an efficient and a cost-effective manner.

The Acquisition of the Target Company represents a valuable step to diversify the Group's business portfolio which enables the Group to increase revenue in order to enhance long-term profitability and sustainability through investment in new business opportunities by the Company as the Target Company is principally engaged in mechanical and electrical equipment installation projects (excluding the installation and repair of power facilities); building renovation and decoration projects; sales, installation and on-site maintenance of metal and electric material products and mechanical equipment (excluding restricted items); sales, installation and on-site maintenance of air conditioners; and air-conditioning engineering design.

The Group will remain conservation and formulate different sales strategies with prudent attitude towards market changes caused by the COVID-19 epidemic in the remainder of 2021 and in 2022. Nevertheless, the Directors will take precautionary measures to mitigate any possible impact of economic downturn faced by the Group. The Company will continue to explore new business opportunities with a view to generating revenue to the Group and creating returns to the Shareholders.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2021

	Note	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*5*	**195,618**	451,756
Other income	*6*	**9,389**	7,580
Cost of inventories used		**(179,840)**	(409,332)
Realised gain arising from changes in fair value of biological assets less costs to sell		**15,331**	31,552
Depreciation of property, plant and equipment and right-of-use assets		**(9,012)**	(9,863)
Staff costs		**(9,102)**	(12,730)
Finance costs		**(23)**	(71)
Distribution and other operating expenses		**(921)**	(4,081)
General and other administrative expenses		**(14,121)**	(21,733)
Profit before tax	*7*	**7,319**	33,078
Income tax expense	*8*	**(3,327)**	(8,306)
Profit for the year attributable to owners of the Company		**3,992**	24,772
		RMB	*RMB*
Earnings per share	*9*		
– Basic and diluted		**0.003**	0.020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	2021	2020
	RMB'000	*RMB'000*
Profit for the year	**3,992**	24,772
Other comprehensive (loss)/income for the year		
Items that will not be reclassified to profit or loss:		
– Exchange differences on translation from foreign currency to presentation currency	**(8,086)**	–
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of tax	**7,483**	(436)
Other comprehensive loss	**(603)**	(436)
Total comprehensive income for the year attributable to owners of the Company	**3,389**	24,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	**2021** *RMB'000*	2020 *RMB'000*
ASSETS			
Non-current Assets			
Property, plant and equipment		**67,886**	75,821
Right-of-use assets		**–**	1,174
Prepayment for property, plant and equipment	*10*	**5,000**	–
		72,886	76,995
Current Assets			
Biological assets		**520**	550
Inventories		**994**	1,478
Trade and other receivables	*10*	**24,049**	48,571
Cash and cash equivalents		**167,876**	31,496
		193,439	82,095
Total Assets		**266,325**	159,090
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		**22,831**	12,340
Reserves		**191,697**	117,392
Total Equity		**214,528**	129,732
LIABILITIES			
Current Liabilities			
Trade and other payables	*11*	**11,535**	24,818
Contract liabilities		**39,411**	–
Lease liabilities		**–**	1,197
Income tax payables		**851**	3,343
		51,797	29,358
Total Equity and Liabilities		**266,325**	159,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 4 June 2003 as an exempted company with limited liability under the Companies Act of Bermuda and its shares are listed on the Main Board of the HKEx. The substantial shareholders of the Company are Mr. Kung Chak Ming, Mr. Xu Guodian and Changjiang Tyling Management Company Limited which is 50% owned by Mr. Ng Ong Nee.

The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The principal place of business of the Company is located at 1/F., Ching Cheong Industrial Building, 1-7 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

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

The Company's functional currency is Hong Kong dollar ("**HKD**"). However, the consolidated financial statements are presented in Renminbi ("**RMB**"), as the Board considers that RMB is the functional currency of the primary economic environment in which most of the transactions of 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 thousand of RMB ("**RMB'000**"), unless otherwise stated.

2. APPLICATION OF 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 the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the current year for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	Covid-19-Related Rent Concessions

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* 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.

(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 and the related Amendments[1]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 16	COVID-19-Related Rent Concession beyond 30 June 2021[5]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020[2]
Amendments to IAS 1 and IFRS Practice Statements 2	Disclosure of Accounting[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
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 2021.
5 Effective for annual periods beginning on or after 1 April 2021.

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

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures in accordance with the Listing Rules and 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.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

4. SEGMENT INFORMATION

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

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

Segment results, assets and liabilities

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

	Plantation Business		**Fruit Distribution Business**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
RESULTS						
Reportable segment revenue and revenue from external customers	**26,174**	50,394	**169,444**	401,362	**195,618**	451,756
Reportable segment results	**7,090**	21,134	**11,093**	25,458	**18,183**	46,592
Unallocated finance costs					**(23)**	(71)
Unallocated corporate expenses					**(15,955)**	(22,257)
Unallocated corporate income					**1,787**	508
Profit for the year					**3,992**	24,772
ASSETS						
Segment assets	**107,097**	92,260	**83,492**	61,487	**190,589**	153,747
Unallocated corporate assets					**75,736**	5,343
Total assets					**266,325**	159,090
LIABILITIES						
Segment liabilities	**(1,421)**	(9,790)	**(43,708)**	(7,591)	**(45,129)**	(17,381)
Unallocated corporate liabilities					**(6,668)**	(11,977)
Total liabilities					**(51,797)**	(29,358)

Segment results represent the profit after tax from each segment without allocation of certain other income, certain depreciation of property, plant and equipment and right-of-use assets, finance costs, central administration costs and directors' emoluments. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

There were no inter-segment revenue in both years.

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

Other Segment Information

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

	Plantation Business		Fruit Distribution Business		Unallocated		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	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	**15,331**	31,552	**–**	–	**–**	–	**15,331**	31,552
Interest income	**8**	13	**78**	23	**–**	–	**86**	36
Depreciation of property, plant and equipment	**(7,840)**	(8,097)	**(15)**	(14)	**(92)**	(576)	**(7,947)**	(8,687)
Depreciation of right-of-use assets	**–**	–	**–**	–	**(1,065)**	(1,176)	**(1,065)**	(1,176)
Reversal of/(provision for) impairment losses recognised in respect of trade and other receivables, net	**(1,066)**	(2,967)	**1,172**	(1,149)	**(1)**	5	**105**	(4,111)
Income tax expense	**–**	–	**(3,327)**	(8,306)	**–**	–	**(3,327)**	(8,306)
Gain on disposal of property, plant and equipment	**–**	–	**–**	–	**236**	25	**236**	25
Written-down of biological assets	**–**	(81)	**–**	–	**–**	–	**–**	(81)
Written-down of inventories	**–**	(55)	**(3)**	(1,039)	**–**	–	**(3)**	(1,094)
Additions to property, plant and equipment	**47**	1,685	**–**	16	**–**	288	**47**	1,989

Geographical information

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

Information about major customers

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

	2021	2020
	RMB'000	*RMB'000*
Customer A[1]	**31,164**	–[3]
Customer B[1]	**26,291**	–[3]
Customer C[1]	**21,467**	91,403
Customer D[2]	**–[3]**	82,990

1 Revenue generated from Customer A, Customer B and Customer C are attributable to Fruit Distribution Business.

2 Revenue generated from Customer D is attributable to both Plantation Business and Fruit Distribution Business.

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

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

5. REVENUE

Disaggregation of revenue from contracts with customers

	Plantation Business		Fruit Distribution Business		Total	
	2021	2020	**2021**	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Sales of oranges and other citrus	**26,174**	50,394	**19,248**	98,230	**45,422**	148,624
Sales of other fruits	**–**	–	**150,196**	303,132	**150,196**	303,132
	26,174	50,394	**169,444**	401,362	**195,618**	451,756

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

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

6. OTHER INCOME

		2021	2020
	Note	***RMB'000***	*RMB'000*
Management income	*(i)*	**7,503**	6,915
Interest income		**86**	36
Government subsidy	*(ii)*	**133**	147
Gain on disposal of property, plant and equipment		**236**	25
Sundry income	*(iii)*	**1,431**	457
		9,389	7,580

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 2021, the Group recognised government grant of approximately RMB133,000 (equivalent to approximately HKD161,000) (2020: RMB147,000 (equivalent to approximately HKD161,000)) which related to Employee Support Scheme provided by the Hong Kong government.

(iii) Amount of approximately RMB745,000 (equivalent to approximately HKD900,000) was licence fee income received by the Group from a third party for granting the right for use of premises during the year ended 30 June 2021.

7. PROFIT BEFORE TAX

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

		2021	2020
		RMB'000	*RMB'000*
(a)	**Staff costs (including directors' emoluments)**		
	– salaries, wages and other benefits	**8,742**	12,328
	– contribution to defined contribution retirement plans	**360**	402
		9,102	12,730
(b)	**Other items**		
	Auditors' remuneration		
	– Audit services	**1,324**	2,193
	– Non-audit services	**–**	503
		1,324	2,696
	Depreciation of property, plant and equipment	**7,947**	8,687
	Depreciation of right-of-use assets	**1,065**	1,176
	Exchange loss/(gain), net	**311**	(335)
	(Reversal of)/provision for impairment losses recognised in respect of trade and other receivables, net	**(105)**	4,111
	Legal and professional fees	**5,181**	5,823
	Expenses relating to short term leases	**280**	252
	Gain on disposal of property, plant and equipment	**(236)**	(25)
	Written-down of biological assets	**–**	81
	Written-down of inventories	**3**	1,094
	Plantation security charges	**1,003**	1,321

8. INCOME TAX EXPENSE

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

	2021	2020
	RMB'000	*RMB'000*
Current tax		
PRC enterprise income tax	**3,327**	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 British Virgin Islands, the Group is not subject to any income tax in the respective tax jurisdictions.

(ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

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

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

According to the PRC tax laws, its rules and regulations, enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption on profits derived from such business. 廣西合浦冠華農業有限公司 (Guangxi Hepu Guanhua Agriculture Co., Ltd.*) in the PRC engaged in qualifying agricultural business is entitled to full exemption of enterprise income tax.

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

(iv) PRC withholding income tax

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

9. EARNINGS PER SHARE

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

	2021	2020
	RMB'000	*RMB'000*
Profit		
Profit attributable to owners of the Company used in basic and diluted earnings per share calculations	**3,992**	24,772
Weighted average number of shares	***'000***	*'000*
Weighted average number of ordinary shares used in basic and diluted earnings per share calculations	**1,499,638**	1,249,638

Diluted earnings per share were the same as basic earnings per share for the years ended 30 June 2021 and 2020 as there were no potential ordinary shares in issue.

10. TRADE AND OTHER RECEIVABLES

	Note	2021 *RMB'000*	2020 *RMB'000*
Trade receivables		**4,166**	12,628
Less: Allowance for expected credit losses ("**ECL**")		**(71)**	(343)
		4,095	12,285
Deposits paid and other receivables	*(i)*	**19,471**	40,079
Less: Allowance for ECL		**(4,273)**	(4,106)
		15,198	35,973
Prepayment for property, plant and equipment	*(ii)*	**5,000**	–
Prepayments		**4,756**	313
		24,954	36,286
Total trade and other receivables, net of allowance for ECL		**29,049**	48,571

Analysed for reporting purposes as:

	2021 *RMB'000*	2020 *RMB'000*
Current assets	**24,049**	48,571
Non-current assets	**5,000**	–
	29,049	48,571

Notes:

(i) As at 30 June 2021, included in the deposits paid and other receivables were mainly (i) trade deposits of approximately RMB4,699,000 (2020: RMB29,211,000), which were refundable trade deposits paid to suppliers as prepayments for purchases for the Fruit Distribution Business; and (ii) amount due from 利添生物科技發展(合浦)有限公司 (Lucky Team Biotech Development (Hepu) Limited*) ("**Lucky Team Hepu**") of approximately RMB10,366,000 (2020: RMB10,563,000).

(ii) The amount represented prepayment paid for acquiring the entire interest in the Target Land and Properties at a consideration of RMB57 million, which would be settled by cash pursuant to the Sale and Purchase Agreement between the Group and 高錫武 (Mr. Gao Xiwu*), an independent third party. Further details are disclosed in the Company's circular dated 16 March 2021.

As at the date of approval of the consolidated financial statements, the Acquisition of Target Land and Properties was not yet completed.

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

	2021 *RMB'000*	2020 *RMB'000*
Less than 3 months	**4,095**	12,285

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

11. TRADE AND OTHER PAYABLES

	Note	**2021** *RMB'000*	2020 *RMB'000*
Trade payables		**4,187**	13,100
Other payables and accruals	*(i)*	**7,221**	11,360
Amount due to a director		**127**	358
		11,535	24,818

Note:

(i) As at 30 June 2021, other payables and accruals mainly comprise of outstanding legal and professional fees of approximately RMB4,803,000 (2020: RMB7,919,000).

The average credit period granted by suppliers was 30 days.

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

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

	2021 *RMB'000*	2020 *RMB'000*
Within 3 months	**3,425**	5,413
Over 3 months but within 1 year	**120**	7,687
Over 1 year	**642**	–
	4,187	13,100

12. CAPITAL COMMITMENTS

	2021 *RMB'000*	2020 *RMB'000*
Capital expenditure contracted for but not provided for:		
Acquisition of a subsidiary *(note)*	**2,500**	–
Acquisition of property, plant and equipment	**52,000**	70
	54,500	70

Note:

On 29 June 2021, the Potential Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Potential Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest of the Target Company at a consideration of RMB2,500,000, subject to adjustment, Further details are disclosed in the Company's announcements dated 29 June 2021 and 12 July 2021.

As at the date of approval of the consolidated financial statements, the Acquisition of the Target Company was not yet completed.

13. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the consolidated financial statements, the Group did not have other significant event took place subsequent to the end of the reporting period.

OTHER INFORMATION

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

The Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such listed securities during the year ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

During the year ended 30 June 2021, the Company has complied with the Code Provisions of the CG Code, except for the following deviations:

Code Provision A.2.1

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

Code Provision A.5.1

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

Code Provision A.6.7

INEDs and other non-executive directors should attend general meetings of the Company and develop a balanced understanding of the views of the shareholders. Although an INED and a Non-executive Director were unable to attend the annual general meeting (the "**AGM**") of the Company in 2020, the senior management of the Company had reported all special enquiries from the shareholders and acted as the communication bridge between the shareholders and the INEDs as well as the Non-executive Director so that they could be aware of and understand the view of the shareholders accordingly.

Code Provision E.1.2

The Chairman of the Board should attend the AGM of the Company. Although the Chairman of the Company was unable to attend the AGM of the Company in 2020 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 2021.

CHANGES IN THE COMPOSITION OF THE BOARD AND OTHER POSITION OF DIRECTORS

With effect from 10 June 2021:

(a) Mr. Chung Koon Yan resigned as an INED, the chairman of the Audit Committee and the Remuneration Committee;

(b) Mr. Liu Ruiqiang was appointed as an INED, the chairman of the Audit Committee and the Remuneration Committee;

With effect from 16 June 2021, Mr. James Francis Bittl was appointed as Non-executive Director.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2021 of the Group as set out in this announcement have been agreed by the Company's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2021. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE

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

The Audit Committee has the primary responsibility for reviewing the effectiveness of the Company's financial control, internal control and risk management systems and ensuring that the financial performance of the Company is properly measured and reported on, receiving and reviewing reports from management and the external auditors relating to the annual financial statements, and monitoring the accounting, internal control and risk management systems in use throughout the Group for the year ended 30 June 2021.

The Audit Committee has reviewed with the management regarding the accounting principles and practices adopted by the Group and has also discussed the internal control and financial reporting matters, including the review of the Group's audited consolidated financial statements and annual results for the year ended 30 June 2021.

PUBLICATION OF ANNUAL REPORT

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

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

Hong Kong, 30 September 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ong Nee (Chairman and Chief Executive Officer) and Mr. Ng Hoi Yue (Deputy Chief Executive Officer); two non-executive Directors, namely Mr. James Francis Bittl and Mr. He Xiaohong; and three independent non-executive Directors, namely Mr. Liu Ruiqiang, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zhen Han.

* *For identification purposes only*