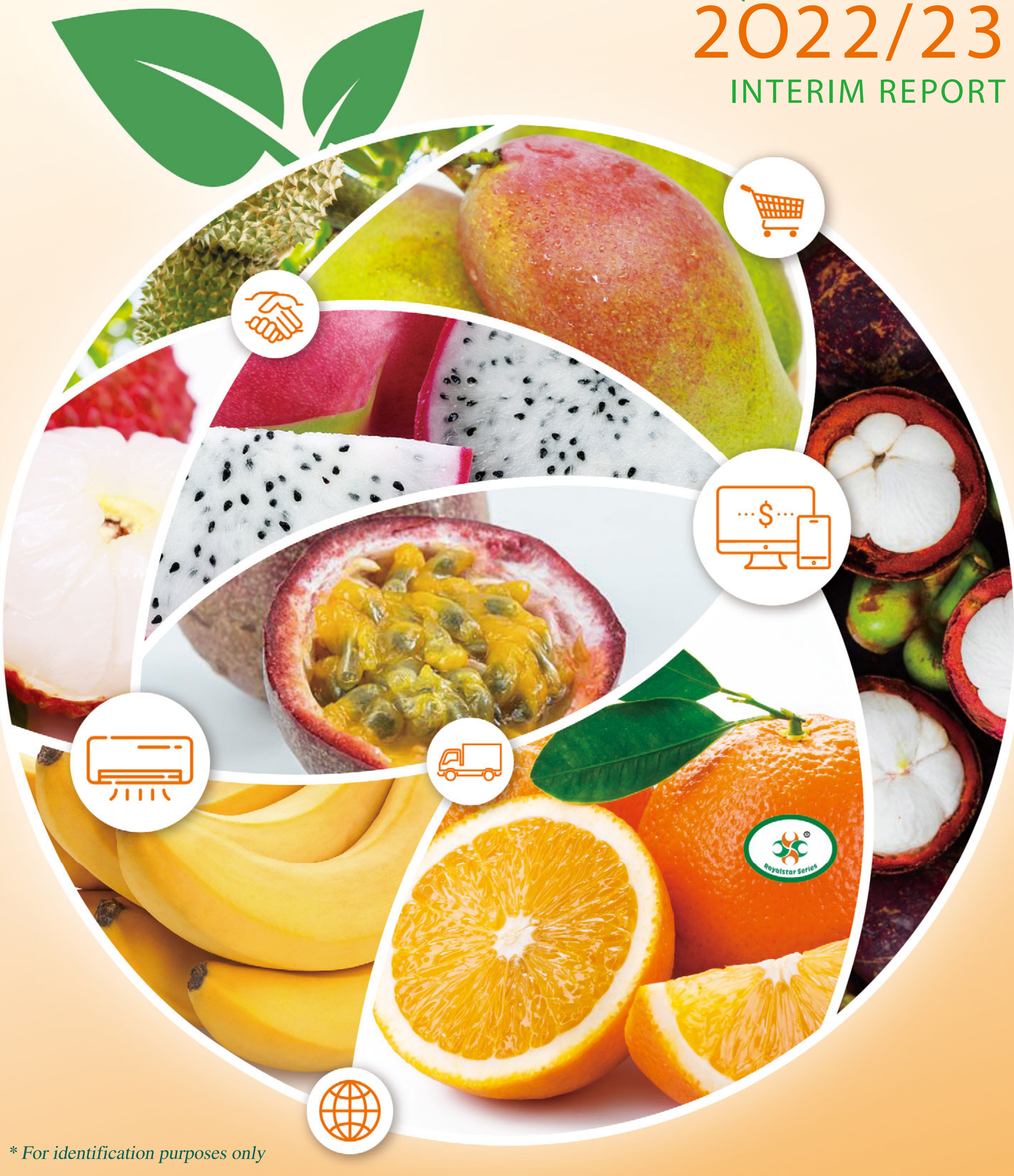
ASIAN CITRUS HOLDINGS LIMITED
亞洲果業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code : 73)

2022/23
INTERIM REPORT



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FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

	For the six months ended 31 December 2022 (unaudited) RMB Million	2021 (unaudited) RMB Million	% change
Reported financial information			
Revenue	**21.1**	90.6	-76.7
Other income	**5.8**	5.7	-1.8
(Loss)/profit before tax	**(18.9)**	2.7	-800.0
(Loss)/profit attributable to shareholders	**(18.6)**	1.4	-1,428.6
Basic (loss)/earnings per share (RMB)	**(0.745) cents**	0.057 cents	-1,407.0

FINANCIAL POSITION

	As at 31 December 2022 (unaudited) RMB Million	As at 30 June 2022 (audited) RMB Million	% change
Total assets	**205.4**	230.6	-10.9
Net current assets	**75.6**	83.2	-9.1
Cash and cash equivalents	**25.5**	48.1	-47.0
Shareholders' fund	**185.7**	201.5	-7.8
Current ratio	**5.51**	3.87	42.4

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "**Board**") of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present the latest development, progress and interim results of the Group for the six months ended 31 December 2022 (the "**Review Period**") to the shareholders of the Company.

REVIEW

During the Review Period, facing the continuing spread of COVID-19 pandemic, although a number of countries have relaxed their lockdown and quarantine policies, the People's Republic of China (the "**PRC**") continued to impose stringent preventive and control measures to cope with the emergence of COVID-19 cases before December 2022. The plantation and fruit distribution industry in the PRC continued to be affected by the factors including but not limited to lockdown measures, low consumer sentiment and disrupted logistic services during the Review Period. Nevertheless, the PRC began to relax its COVID-19 restrictions and measures in December 2022. Although it was a good signal for the recovery of plantation and fruit distribution industry, a surge in COVID-19 cases has also negatively affected the normal operation of many companies.

As a premium fruit producer and importer in the PRC, the Group continued to be inevitably affected by the direct and indirect impacts from the prolonged COVID-19 pandemic. In particular, the Group's farmland in Guangxi was directly affected by the outbreak during the Review Period. Before December 2022, the lockdown measures imposed by the local government hindered the farmers from attending the farmlands to spray pesticide and maintain the citrus on a regular basis. After the relaxation of lockdown measures in late 2022, many farmers had to quarantine after testing COVID-19 positive and were unable to attend to the farmlands. As a result, the citrus trees could not receive proper maintenance and were severely affected by pests and diseases. Under these circumstances, the quality of the Group's oranges was unsatisfactory and no oranges were sold during the Review Period.

In order to ease the reliance of the Group on citrus fruits, the Group has continued to explore the plantation of different kinds of fruits. During the Review Period, the Group expanded the planting of passion fruits and achieved preliminary success with a good harvest of passion fruits, which provided a new source of revenue for the Group. In the long run, with the expansion of the scale of plantation, the planting of passion fruits will diversify the product portfolio and increase the sources of revenue of the Group.

The Fruit Distribution Business was also affected by impact of COVID-19 during the Review Period. Due to the lockdown measures imposed by the local government in Shenzhen before December 2022 and the surge in COVID-19 cases as a result of the relaxation of restrictions and measures in December 2022, our Fruit Distribution Business operation was inevitably disrupted as many staff members of the distribution center in Shenzhen were under work-from-home arrangement. Besides, the logistic services for the delivery of fruits among distribution centers were disrupted from time to time as a result of limitations in local transportation. As a result, the revenue generated from the Fruit Distribution Business decreased as compared to the corresponding period in last year.

Since 2022, the Group has commenced the Air-conditioners Distribution Business, which started to generate revenue for the Group. During the Review Period, the business achieved preliminary success as the revenue generated from the Air-conditioners Distribution Business contributed a major part of the total revenue of the Group. As air-conditioners are becoming a necessity for households in the PRC, the demand for air-conditioners was generally not affected by the outbreak of pandemic and respective lockdown measures. As such, we believe the Air-conditioners Distribution Business is a good diversification of our business and has a promising prospect.

Taking into account of the above factors, the Group recorded revenue of approximately RMB21.1 million for the Review Period, representing a decrease of approximately 76.7% as compared to the total revenue of approximately RMB90.6 million for the six months ended 31 December 2021. The Group recorded a net loss of approximately RMB18.6 million for the Review Period as compared to the net profit of approximately RMB1.4 million for the six months ended 31 December 2021. The Company will continue to strive to enhance the revenue and the shareholder value of the Company in the foreseeable future.

PROSPECTS

The Plantation Business of the Group involves plantation and cooperation with the local farmers in plantation of various types of fruits, mainly including oranges and passion fruits. The Group continues to closely monitor the reform of its Plantation Business through the deploying procedures to improve its plantation technology and processes at the plantation, such as cost control and productivity management, and through diversified fruit projects by providing professional/technical advisory services to local farmers in exchange for certain management income. Looking forward with the relaxation of COVID-19 limitations, lockdown and quarantine measures in the PRC in 2023, the Company considers that the farmers will be able to return to the farmlands to maintain the citrus trees properly, and the performance of the plantation business will gradually recover to the pre-pandemic level.

The Fruit Distribution Business of the Group involves distribution of various types of high-quality fruits in the PRC by sourcing from quality suppliers, with value-added services for processing and distributing under our own brand "Royalstar 新雅奇" to the customers. The Group also continues to receive recurring orders from various customers and cooperate with its suppliers seamlessly for its Fruit Distribution Business. With the removal of transportation restriction coupled with the lifting of other COVID-19 limitations in 2023, we are optimistic that the logistics services and the operation of our distribution center will gradually return to normal. As the day to day life of the general public in the PRC resumes normal, the consumer sentiment is expected to recover in 2023. In addition, the demand for high-quality food including premium fruits is anticipated to gradually recover to pre-pandemic level, which will be favorable to the Fruit Distribution Business of the Group.

Furthermore, the Group will continue to explore opportunities to source new kinds of fruits from various overseas countries for importing to its customers in the PRC to expand its product portfolio and increase the profit margin. With the relaxation of COVID-19 measures in the PRC and in order to reduce the risk of relying on imports, the Group will also continue to actively approach various domestic suppliers for sourcing quality fruits to ensure a stable supply for the premium quality fruits portfolio.

In implementing our strategy to expand its market share in the sales and distribution of agricultural products across northern PRC for further development of the Fruit Distribution Business, on 16 February 2023, the Group entered into an equity transfer agreement in relation to the acquisition of the entire equity interest in 陝西品尚農產品貿易有限公司 (Shaanxi Pinshang Agricultural Products Trading Co., Ltd.*) (the "**Acquisition**"), which is principally engaged in distribution and sales of agricultural products with its comprehensive sales network in Shaanxi Province. The Acquisition is expected to enable the Group to expand existing sales channels, increase the sales volume of agricultural products and deepen market penetration across northern PRC.

* *For identification purposes only*

In respect of the Air-conditioners Distribution Business which involves distribution of air-conditioners and after-sale services including installation and on-site maintenance of air-conditioners, the demand for air-conditioners are expected to increase with the climate change. Accordingly, on 3 February 2023, the Group has entered into a framework agreement with its supplier to secure a stable supply of air-conditioners to meet customer demand. As such, we are optimistic that its Air-conditioners Distribution Business will grow steadily in 2023.

With the progress and efforts that the Group has made in the diversification of its business portfolio and the expansion of the market presence in the market across the PRC, the Group will continue to strengthen the core competence and improve the overall performance upon the relaxation of COVID-19 limitations and measures in the PRC and the gradual recovery of global economy in the future.

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 my 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 2023.

Ng Ong Nee
Chairman

28 February 2023

During the six months ended 31 December 2022 (the "**Review Period**"), the principal business activities of the Group include (i) the planting, cultivation and sales of agricultural produce in the People's Republic of China (the "**PRC**") market (the "**Plantation Business**"); (ii) the distribution of various high-quality fruits in the PRC (the "**Fruit Distribution Business**") and (iii) the distribution and installation of air-conditioners in the PRC (the "**Air-conditioners Distribution Business**").

OUTLOOK

The year 2023 is expected to be a hopeful year for the fruit planting and distribution industry in the PRC. The PRC's fruit planting and distribution industry is expected to recover gradually with the relaxation of the lockdown arrangement and other COVID-19 measures.

For the Plantation Business, in the absence of the limitations and control measures of COVID-19, farmers will be able to return to farmland and citrus trees will receive proper maintenance and attendance. As such, the Plantation Business is expected to gradually recover to pre-pandemic level in 2023.

In respect of the Fruit Distribution Business, the logistics service has gradually recovered since the lifting of transportation limitations since December 2022. As such, the business operation of the Fruit Distribution Business is expected to gradually recover as the Group will be able to import and distribute premium fruits in a more efficient manner. Besides, the logistics costs of delivering fruits among cities in the PRC are expected to decrease.

On 16 February 2023, the Group entered into an equity transfer agreement to acquire a company principally engaged in distribution and sales of agricultural products with its comprehensive sales network in Shaanxi Province (the "**Acquisition**"). The Acquisition is expected to enable the Group to expand existing sales channels, increase the sales volume of agricultural products and deepen market penetration in northern PRC.

For the Air-conditioners Distribution Business, the Group has continued to procure new customers from which the Group secures additional sales orders. Considering that the consumers' sentiment in the PRC will recover gradually in the future and air-conditioners have become a necessity for households, the Group expects that the demand from customers for air-conditioners will increase in 2023. On 3 February 2023, the Group entered into a framework agreement with its supplier to ensure the stable supply of air-conditioners. As such, the Group is optimistic that the Air-conditioners Distribution Business will continue to provide a stable revenue stream and improve profitability of the Group in the future.

BUSINESS REVIEW

For the Plantation Business, the Group is principally engaged in the planting, cultivation and sales of agricultural produce in the PRC market. Currently, the agricultural produces, mainly oranges and passion fruits, 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.

During the Review Period, as the government in the PRC continued to impose lockdown measures in case of the outbreak of COVID-19, farmers were hindered from maintaining the citrus trees properly in the farmland. Although the relevant measures were lifted since December 2022, the rapid spread of pandemic inevitably disrupted the normal operation of the plantation as farmers who tested COVID-19 positive were unable to return to the farmland for maintaining the citrus trees. As a result, the quality of the oranges was inferior due to the lack of proper maintenance of the citrus trees. In order to maintain the good quality of our products and our reputation, no oranges were sold during the Review Period. Nevertheless, with the preliminary success of the trial plantation of passion fruits, the Group further expanded the plantation of passion fruits and achieved a good harvest of the passion fruits during the Review Period, which began to generate revenue for the Group. Although the Group has not yet achieved the large-scale planting of passion fruits and the revenue generated thereon was limited, the Group will continue to expand the plantation of passion fruits in order to achieve the economies of scale.

In respect of 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 prolonged COVID-19 epidemic in the PRC continued to pose unprecedented challenges to domestic supply chains by, among others, increasing the costs in imports and exports. In addition, with local governments acting in accordance with the trends of reported cases, import and export rules became sporadic and ever-changing. Besides, the lockdown arrangement caused difficulties to the normal operation of the distribution center of the Group as the staff of the Group was restricted from returning to the workplace during the Review Period. Furthermore, the logistic services for the delivery of fruits to different regions in the PRC were materially and severely disrupted with transportation limitations. As the COVID-19 positive cases reached its peak in late December 2022 in major cities in the PRC upon relaxation of relevant control measures, many employees of the Group were tested COVID-19 positive and hence unable to resume working in a regular manner, which disrupted the normal business of the Fruit Distribution Business.

Despite the challenging operating environment, the Group has continued to procure new customers across different cities in the PRC for further expansion of its Fruit Distribution Business as well as secure additional supply agreements to increase the variety of its fruits offered to customers. The recognition of the Group's own brand "Royalstar 新雅奇" and the strengthened relationships with the Group's suppliers and customers together contributed to the development in the scale of operation and market penetration of the Group's Fruit Distribution Businesses.

For the Air-conditioners Distribution Business, the Group is principally engaged in the distribution and installation of air-conditioners and the provision of after-sale services including maintenance of air-conditioners in the PRC. The Air-conditioners Distribution Business has started to generate revenue for the Group since 2022 and constitutes a major source of revenue during the Review Period. As the demand for air-conditioners of the customers is expected to increase in the future, the Group continued to procure new customers and secure additional sales order.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately RMB21.1 million (six months ended 31 December 2021: RMB90.6 million) for the Review Period.

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

	For the six months ended 31 December		
	2022	2021	% Change
	RMB'000	RMB'000	
Plantation Business	**574**	6,440	–91.1
Fruit Distribution Business	**673**	84,142	–99.2
Air-conditioners Distribution Business	**19,898**	–	100.0
Total	**21,145**	90,582	–76.7

For the Review Period, the Group recorded revenue of approximately RMB0.6 million (six months ended 31 December 2021: RMB6.4 million) from the Plantation Business on completion of the harvest seasons of passion fruits in the Hepu Plantation, representing a decrease of approximately 91.1% as compared to the corresponding period of last year. Due to the lockdown measures imposed by the local government in response to the outbreak of COVID-19 in Guangxi in the Review Period, farmers in Guangxi were unable to spray pesticide or maintain the citrus trees in the plantation on a regular basis. As such, the citrus trees were severely affected by pests and diseases, and the quality of the citrus was defeated as a result. Therefore, no oranges were sold during the Review Period. In addition, the monthly contribution payable to the Cooperator of RMB300,000 came into effect on 1 January 2022 due to the rising cost of farmland (as explained below). Accordingly, the net revenue from the Plantation Business for the Review Period decreased significantly.

In respect of the Fruit Distribution Business, the Group recorded revenue of approximately RMB0.7 million (six months ended 31 December 2021: RMB84.1 million) for the Review Period, representing a decrease of approximately 99.2% as compared to the corresponding period of last year. With the implementation of the tighten COVID-19 prevention and local lockdown arrangements in Shenzhen, a significant majority of the staff of the Group in Shenzhen were generally under work-from-home arrangement for the Review Period, which caused practical difficulties for the Group to deploy sufficient manpower to perform the importing procedures of fruits from overseas countries to the PRC. Besides, the logistics services for the delivery of fruits to the distribution centers were disrupted from time to time by the relevant measures. As such, the quantity of fruits imported from abroad and distributed to the PRC by the Group decreased drastically for the Review Period, eroding the revenue derived from the Fruit Distribution Business.

Regarding the Air-conditioners Distribution Business, the Group recorded revenue of approximately RMB19.9 million (six months ended 31 December 2021: Nil). The Air-conditioners Distribution Business commenced upon the completion of the acquisition of 深圳市金龍建設工程有限公司 (Shenzhen Jinlong Construction Engineering Co., Ltd.*) ("**Jinlong Construction**") in December 2021. During the Review Period, the Group purchased air-conditioners from the brand owners and sold the air-conditioners to electrical appliance stores in Meizhou City, the PRC.

Other income

For the Review Period, the Group recorded other income in the amount of approximately RMB5.8 million (six months ended 31 December 2021: RMB5.7 million), which mainly consists of management income generated from various business cooperation agreements with independent farmers, exchange gain and interest income in connection with the loans to (i) an associate of a substantial shareholder of the Company; and (ii) an independent third party secured by a substantial shareholder of the Company.

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

For the Review Period, 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 oranges and passion fruits when the Group's oranges and passion fruits became mature and were harvested, amounting to approximately RMB0.1 million (six months ended 31 December 2021: RMB5.4 million) was recognised. The decrease was mainly attributable to unfavourable harvest quality of the Group's oranges during the Review Period due to the lockdown measures imposed by the local government in response to the outbreak of COVID-19 in Guangxi.

Impairment losses recognised in respect of property, plant and equipment

For the Review Period, the Group recorded impairment losses recognised in respect of property, plant and equipment amounting to approximately RMB6.5 million (six months ended 31 December 2021: Nil), which was mainly attributable to the decrease in the recoverable amount of the property, plant and equipment relating to the Plantation Business. The decrease was mainly caused by the adverse impact of COVID-19 brought to the cash flow projections on which the value in use calculation in respect of the property, plant and equipment is based.

Staff costs

For the Review Period, the staff costs of the Group amounted to approximately RMB5.3 million (six months ended 31 December 2021: RMB3.5 million). The increase in staff costs by approximately 51.4% was mainly attributable to (i) the staff costs incurred by Jinlong Construction which were not consolidated into the financial results for the corresponding period of last year; and (ii) the increase of staff costs paid to the staff due to the increase in the number of staff of head office as compared to the corresponding period of last year.

Distribution and other operating expenses

For the Review Period, the distribution and other operating expenses of the Group amounted to approximately RMB0.9 million (six months ended 31 December 2021: RMB6.7 million), which comprised primarily of service charges for import of fruits and transportation expenses incurred for the delivery of fruits and air-conditioners. The decrease in the distribution and other operating expenses was mainly due to the reduction in the import of fruits as a result of the lockdown arrangement.

General and other administrative expenses

For the Review Period, the general and other administrative expenses of the Group amounted to approximately RMB7.5 million (six months ended 31 December 2021: RMB6.5 million), which comprised primarily of office administration expenses, legal and professional fees, research and development expenses and plantation security charges. The general and other administrative expenses remain stable for the Review Period as compared to the corresponding period of last year.

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Income tax

For the Review Period, income tax credit of the Group amounted to approximately RMB0.3 million (six months ended 31 December 2021: income tax expense of approximately RMB1.3 million), which comprised the enterprise income tax charged and payable by the Group on the profit earned net of the amount refunded under the Fruit Distribution Business and the Air-conditioners Distribution Business in the PRC.

Loss attributable to shareholders

For the Review Period, loss attributable to shareholders of the Company was approximately RMB18.6 million (six months ended 31 December 2021: profit of approximately RMB1.4 million). The Group recorded a loss for the Review Period was mainly due to (i) the decrease in the turnover derived from the Plantation Business and the Fruit Distribution Business; and (ii) the decrease in realised gain arising from changes in fair value of biological assets less costs to sell as a result of the unfavourable harvest quality of the Group's oranges resulted from the lockdown measures.

RISK FACTORS

The Group's Plantation Business and Fruit Distribution Business are vulnerable to certain risk factors as set out below.

Plantation Business

Climate changes and natural disasters

The Group's oranges and passion fruits 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.

Currently, the Cooperator leases the farmland from certain owners paying annual rent at rates, subject to periodic review and revision, based on a reasonable standard agreed upon in 2000 when the PRC's economy was experiencing a stage of development with low price index. As the PRC'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 with the owners of the farmland through co-ordination with local government department. In view of the rising cost of the farmland contributed by the Cooperator, on 31 December 2021, the Group and the Cooperator entered into a supplemental agreement to the Agreement, pursuant to which, on top of the share of 10% of the income generated from the Hepu Plantation, the Group shall pay a fixed monthly contribution of RMB300,000 to the Cooperator.

Any further rent raise will increase Hepu Plantation's operating costs and lower its profit level to a certain extent. However, the Company believes 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

In the first half of 2023, it is expected that the PRC's economy will gradually recover from the COVID-19 epidemic with the gradual removal of prevention and control measures. However, the Fruit Distribution Business may be subject to the following risks in the post-COVID-19 pandemic future:

(1) Since the outbreak of COVID-19 in early 2020, a large number of small and medium-sized enterprises in the PRC have closed down and the employment opportunity has reduced, coupled with the sluggish investment and consumer sentiment, it is difficult for the PRC's economy to recover in a short time. It is expected to take some time for the consumption level of Chinese resident to return to pre-pandemic levels. As such, the demand for expensive and premium-grade fruits may recover sluggishly in the first half of 2023.

(2) With the recovery of the PRC's economy, the shop rents and labour costs (wages and social security costs) are expected to rise in the PRC in 2023, thus negatively affecting the profitability of the fruit distribution industry.

Although the PRC's economy is showing signs of recovery with the relaxation of COVID-19 restrictions, the exact subsequent impact of the COVID-19 pandemic on the fruit planting and trading industry in the PRC in 2023 cannot be predicted with certainty. The Group will remain cautiously optimistic that the overall business environment of the PRC fruit planting and trading industry will improve after the easing of the COVID-19 pandemic.

DIVIDEND

The board of directors of the Company (the "**Board**") did not recommend the payment of an interim dividend for the Review Period (six months ended 31 December 2021: Nil).

CAPITAL

As at 31 December 2022, the total number of issued shares of the Company was 2,499,637,884 (six months ended 31 December 2021: 2,499,637,884).

LIQUIDITY AND FINANCE RESOURCES

Liquidity

As at 31 December 2022, the Group had liabilities of RMB5.0 million (30 June 2022: Nil) in respect of bank borrowings. The net cash position of the Group was approximately RMB25.5 million (30 June 2022: RMB48.1 million).

As at 31 December 2022, the current ratio and quick ratio were 5.51 and 4.68 respectively (30 June 2022: 3.87 and 3.16 respectively).

Funding and treasury policy

During the Review Period, the Group had sufficient funds for the operation and would continue to adopt stringent cost control and conservative treasury policies in the running the businesses.

Charge on assets

As at 31 December 2022, the Group's prepayment of approximately RMB12.81 million (30 June 2022: Nil) was used as security for obtaining bank borrowings of RMB5.0 million.

Capital commitments

As at 31 December 2022, the Group had capital commitments of approximately RMB3.2 million (30 June 2022: Nil), mainly related 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

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

As at 31 December 2022, the Group had 44 (30 June 2022: 47) permanent employees.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31 December 2022 (30 June 2022: Nil).

OTHER SIGNIFICANT EVENTS

On 16 February 2023, Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司) (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company in the PRC, entered into an equity transfer agreement with Chen Xiaochun and Wu Guoqian (the "**Vendors**") and 陝西品尚農產品貿易有限公司 (Shaanxi Pinshang Agricultural Products Trading Co., Ltd.*) (the "**Target Company**"), pursuant to which the Purchaser has agreed to purchase and the Vendors have agreed to sell the entire equity interest in the Target Company at a consideration of RMB4,500,000 (the "**Acquisition**"). Further details are disclosed in the Company's announcements dated 16 February 2023 and 28 February 2023.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2022

	Note	Six months ended 31 December 2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Revenue	4	21,145	90,582
Other income	5	5,766	5,652
Cost of inventories used		(19,482)	(77,913)
Gain on bargain purchase		–	158
Realised gain arising from changes in fair value of biological assets less costs to sell		91	5,395
Unrealised loss arising from changes in fair value of financial assets at fair value through profit or loss		(1,484)	–
Impairment losses recognised in respect of property, plant and equipment		(6,463)	–
Depreciation of property, plant and equipment and right-of-use assets		(4,844)	(4,391)
Staff costs		(5,305)	(3,540)
Finance costs	6	(3)	–
Distribution and other operating expenses		(870)	(6,705)
General and other administrative expenses		(7,492)	(6,500)
(Loss)/profit before taxation	6	(18,941)	2,738
Income tax credit/(expense)	7	307	(1,315)
(Loss)/profit for the period attributable to owners of the Company		(18,634)	1,423
		RMB	RMB
(Loss)/earnings per share	8		
– Basic and diluted		(0.745) cents	0.057 cents

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Six months ended 31 December 2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
(Loss)/profit for the period	**(18,634)**	1,423
Other comprehensive (loss)/income for the period		
Items that will not be reclassified to profit or loss:		
– Exchange differences on translation from foreign currency to presentation currency	**3,746**	–
– Fair value changes on investment funds classified as financial assets at fair value through other comprehensive income	**(127)**	794
– Fair value adjustment upon transfer of self-occupied properties to investment properties	**644**	–
	4,263	794
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of tax	**(1,431)**	(1,202)
Other comprehensive income/(loss)	**2,832**	(408)
Total comprehensive (loss)/income for the period attributable to owners of the Company	**(15,802)**	1,015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
ASSETS			
Non-current Assets			
Property, plant and equipment	9	43,597	63,234
Right-of-use assets		50,636	51,928
Investment properties	10	15,590	–
Financial assets at fair value through other comprehensive income	11	3,185	3,202
		113,008	118,364
Current Assets			
Financial assets at fair value through profit or loss	11	8,283	–
Biological assets	12	5,682	910
Inventories		8,157	19,492
Trade and other receivables	13	11,559	31,005
Loan receivables	14	15,209	6,978
Prepayments	15	17,931	5,742
Tax recoverable		19	–
Cash and cash equivalents		25,520	48,100
		92,360	112,227
Total Assets		205,368	230,591
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	16	22,831	22,831
Reserves		162,887	178,689
Total Equity		185,718	201,520

	Note	**31 December 2022 (unaudited) RMB'000**	30 June 2022 (audited) RMB'000
LIABILITIES			
Current Liabilities			
Trade and other payables	17	**14,584**	28,498
Borrowings	18	**2,143**	–
Contract liabilities		**–**	164
Lease liabilities		**49**	46
Income tax payables		**–**	321
		16,776	29,029
Non-current Liabilities			
Borrowings	18	**2,857**	–
Lease liabilities		**17**	42
		2,874	42
Total Equity and Liabilities		**205,368**	230,591

The condensed consolidated financial statements on pages 13 to 37 were approved and authorised for issued by the board of directors on 28 February 2023 and are signed on its behalf by:

Ng Ong Nee
Executive Director

Ng Hoi Yue
Executive Director

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2022

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Fair value through other comprehensive income reserve RMB'000	Revaluation reserve RMB'000	Statutory reserve RMB'000 *(note (a))*	Exchange reserve RMB'000 *(note (b))*	Accumulated losses RMB'000	Total RMB'000
At 1 July 2022 (audited)	22,831	3,782,111	1,055	–	1,709	(1,751)	(3,604,435)	201,520
Loss for the period	–	–	–	–	–	–	(18,634)	(18,634)
Other comprehensive income/(loss)	–	–	(127)	644	–	2,315	–	2,832
Total comprehensive income/(loss) for the period	–	–	(127)	644	–	2,315	(18,634)	(15,802)
Transfer of reserve upon disposal of investments in equity instruments measured at fair value through other comprehensive income	–	–	(974)	–	–	–	974	–
At 31 December 2022 (unaudited)	22,831	3,782,111	(46)	644	1,709	564	(3,622,095)	185,718

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Fair value through other comprehensive income reserve RMB'000	Revaluation reserve RMB'000	Statutory reserve RMB'000 *(note (a))*	Exchange reserve RMB'000 *(note (b))*	Accumulated losses RMB'000	Total RMB'000
At 1 July 2022 (audited)	22,831	3,782,111	–	–	1,709	(2,850)	(3,589,273)	214,528
Profit for the period	–	–	–	–	–	–	1,423	1,423
Other comprehensive income/(loss)	–	–	794	–	–	(1,202)	–	(408)
Total comprehensive income/(loss) for the period	–	–	794	–	–	(1,202)	1,423	1,015
At 31 December 2021 (unaudited)	22,831	3,782,111	794	–	1,709	(4,052)	(3,587,850)	215,543

Notes:

a) 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 registered capital.

b) The exchange reserve comprises all foreign exchange differences on translation of the financial statements of foreign operations.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Six months ended 31 December 2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Net cash used in operating activities	**(22,510)**	(39,685)
Investing activities		
Proceeds from redemption of financial assets at fair value through other comprehensive income	**20,236**	–
Proceeds from disposal of property, plant and equipment	**–**	25
Purchase of property, plant and equipment	**(5,869)**	(51,171)
Purchase of financial assets at fair value through other comprehensive income	**(3,309)**	(12,720)
Purchase of financial assets at fair value through profit or loss	**(9,939)**	–
Loan advanced to an independent third party	**(8,000)**	–
Net cash inflow on acquisition of a subsidiary	**–**	31
Interest received	**18**	82
Net cash used in investing activities	**(6,863)**	(63,753)
Financing activities		
Proceeds from bank borrowings	**5,000**	–
Repayment of principal portion of lease liabilities	**(22)**	–
Payment of interest on lease liabilities	**(3)**	–
Net cash general from financing activities	**4,975**	–
Net decrease in cash and cash equivalents	**(24,398)**	(103,438)
Cash and cash equivalents at beginning of the period	**48,100**	167,876
Effect of foreign exchange rate changes	**1,818**	(1,320)
Cash and cash equivalents at end of the period	**25,520**	63,118

1. BASIS OF PREPARATION

This interim financial information has been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim financial reporting* issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The interim financial information has been prepared under the historical cost convention, except that investment properties, certain biological assets and financial assets are carried at their fair values. The principal accounting policies adopted in the preparation of this interim financial information are consistent with those followed by Asian Citrus Holdings Limited (the "**Company**") and its subsidiaries' (the "**Group**") in their annual financial statements for the year ended 30 June 2022 (the "**2022 Financial Statements**"), except for certain accounting policies and the applications of amendments to International Financial Reporting Standards ("**IFRSs**") that are expected to be reflected in the Group's annual consolidated financial statements for the year ending 30 June 2023 of which details are set out in note 2.

The preparation of interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 Financial Statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The interim financial information is unaudited, but has been reviewed by the Company's Audit Committee.

2. APPLICATIONS OF AMENDMENTS TO IFRSs AND PRINCIPAL ACCOUNTING POLICIES

This interim financial information has been prepared in accordance with IAS 34 issued by the IASB and the applicable disclosure provisions of the Listing Rules. All IFRSs effective for the accounting period commencing on 1 July 2022 together with the relevant transitional provisions, have been adopted by the Group in the preparation of this interim financial information throughout the period covered in this report.

In the current period, the Group has applied the following amendments to IFRSs, which are effective for the Group's accounting period beginning on or after 1 July 2022.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2022

The application of the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. APPLICATIONS OF AMENDMENTS TO IFRSs AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

New and amendments to IFRSs that are 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 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related Amendments[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[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 a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

Principal accounting policies

Property, plant and equipment

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. SEGMENT INFORMATION

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

Plantation Business – Planting, cultivation and sale of agricultural produce

Fruit Distribution Business – Distribution of various fruits

Air-conditioners Distribution Business – Distribution and installation of air-conditioners

3. SEGMENT INFORMATION *(continued)*

Segment results, assets and liabilities

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

	Plantation Business Six months ended 31 December		Fruit Distribution Business Six months ended 31 December		Air-conditioners Distribution Business Six months ended 31 December		Total Six months ended 31 December	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000
RESULTS								
Reportable segment revenue and revenue from external customers	**574**	6,440	**673**	84,142	**19,898**	–	**21,145**	90,582
Reportable segment results	**(11,176)**	2,741	**(2,275)**	3,397	**841**	(21)	**(12,610)**	6,117
Unallocated corporate expenses							**(6,069)**	(4,852)
Unallocated corporate income							**45**	158
(Loss)/profit for the period							**(18,634)**	1,423

	Plantation Business		Fruit Distribution Business		Air-conditioners Distribution Business		Total	
	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000	**31 December 2022 (unaudited) RMB'000**	30 June 2022 (audited) RMB'000	**31 December 2022 (unaudited) RMB'000**	30 June 2022 (audited) RMB'000	**31 December 2022 (unaudited) RMB'000**	30 June 2022 (audited) RMB'000
ASSETS								
Segment assets	**86,146**	88,131	**64,348**	60,340	**25,546**	32,086	**176,040**	180,557
Unallocated corporate assets							**29,328**	50,034
Total assets							**205,368**	230,591
LIABILITIES								
Segment liabilities	**(1,044)**	(308)	**-**	(1,570)	**(17,305)**	(24,686)	**(18,349)**	(26,564)
Unallocated corporate liabilities							**(1,301)**	(2,507)
Total Liabilities							**(19,650)**	(29,071)

3. SEGMENT INFORMATION *(continued)*

Other Segment Information

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

	Plantation Business Six months ended 31 December		Fruit Distribution Business Sixth months ended 31 December		Air-conditioners Business Six months ended 31 December		Unallocated Six months ended 31 December		Total Six months ended 31 December	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000
Realised gain arising from changes in fair value of biological assets less costs to sell	91	5,395	–	–	–	–	–	–	91	5,395
Interest income	222	29	161	53	3	–	2	–	388	82
Depreciation of property, plant and equipment	(3,451)	(3,920)	(84)	(442)	(2)	–	(15)	(29)	(3,552)	(4,391)
Depreciation of right-of-use assets	–	–	(1,269)	–	(23)	–	–	–	(1,292)	–
Provision for impairment losses recognised in respect of property, plant and equipment	(6,463)	–	–	–	–	–	–	–	(6,463)	–
(Provision for)/reversal of impairment losses recognised in respect of trade and other receivables, net	(1,965)	(548)	–	(1)	121	–	143	1	(1,701)	(548)
Provision for impairment losses recognised in respect of loan receivables, net	(5)	–	(134)	–	–	–	–	–	(139)	–
Loss on disposal of property, plant and equipment	–	–	–	–	–	–	–	(2)	–	(2)
Loss on written-off of property, plant and equipment	(554)	–	–	–	–	–	–	–	(554)	–
Written-down of biological assets	(552)	–	–	–	–	–	–	–	(552)	–
Additions to property, plant and equipment	5,851	171	–	3,467	8	–	10	–	5,869	3,638
Additions to right-of-use assets	–	–	–	53,533	–	–	–	–	–	53,533

3. SEGMENT INFORMATION *(continued)*

Geographical information

Since over 90% of the Group's revenue and operating profit were generated in the PRC for both periods 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 periods contributing over 10% of the total sales of the Group are as follows:

	Six months ended 31 December	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Customer A[1]	**–**	70,865

[1] Revenue generated from Customer A is attributable to Fruit Distribution Business.

Except disclosed above, no other customers contributed 10% or more to the Group's total revenue for both periods.

4. REVENUE

Disaggregation of revenue from contracts with customers:

	Plantation Business 31 December		Fruit Distribution Business 31 December		Air-conditioners Distribution Business 31 December		Total 31 December	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000	**2022 (unaudited) RMB'000**	2021 (unaudited) RMB'000
Sales of oranges	**–**	6,440	**–**	–	**–**	–	**–**	6,440
Sales of other fruits	**574**	–	**673**	84,142	**–**	–	**1,247**	84,142
Sales of air-conditioners	**–**	–	**–**	–	**19,898**	–	**19,898**	–
	574	6,440	**673**	84,142	**19,898**	–	**21,145**	90,582

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

5. OTHER INCOME

	Note	Six months ended 31 December 2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Management income	(i)	**4,250**	5,273
Bank interest income		**18**	82
Exchange gain, net		**863**	–
Government subsidy	(ii)	**43**	–
Interest income on loan receivables		**370**	–
Sundry income		**222**	297
		5,766	5,652

Notes:

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

(ii) The Group recognised government grant of approximately RMB43,000 (equivalently to approximately HK$48,000) which related to Employment Support Scheme provided by the Hong Kong Government.

6. (LOSS)/PROFIT BEFORE TAX

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

		Six months ended 31 December	
		2022	2021
		(unaudited)	(unaudited)
		RMB'000	RMB'000
(a)	**Finance costs**		
	Interest on lease liabilities	**3**	–
(b)	**Staff costs (including directors' emoluments)**		
	– salaries, wages and other benefits	**4,974**	3,305
	– contribution to defined contribution retirement plans	**331**	235
		5,305	3,540
(c)	**Other items**		
	Auditors' remuneration for audit services	**–**	–
	Depreciation of property, plant and equipment	**3,552**	4,391
	Depreciation of right-of-use assets	**1,292**	–
	Exchange loss, net	**–**	27
	Provision for impairment losses recognised in respect of property, plant and equipment	**(6,463)**	–
	Provision for impairment losses under expected credit losses ("**ECL**") model recognised in respect of trade and other receivables, net	**1,701**	548
	Provision for impairment losses under ECL model recognised in respect of loan receivables, net	**139**	–
	Expenses relating to short term leases	**79**	17
	Legal and professional fees	**135**	874
	Office accommodation charges	**1,398**	1,078
	Loss on disposal of property, plant and equipment	**–**	2
	Loss on written-off of property, plant and equipment	**554**	–
	Written-down of biological assets	**552**	–
	Plantation security charges	**492**	472

7. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 31 December	
	2022	2021
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax	**(307)**	1,315

7. INCOME TAX (CREDIT)/EXPENSE *(continued)*

(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 ("**BVI**"), the Group is not subject to any income tax in the respective tax jurisdictions.

(ii) Under the two-tiered profits tax rates regime in Hong Kong, 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%.

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

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 periods.

(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, rules and regulations, enterprises that engage in certain qualifying agricultural businesses 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.*) (the "**Agriculture Company**") in the PRC engaged in qualifying agricultural business was 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.

* *For identification purposes only*

8. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 31 December	
	2022	2021
	(unaudited)	(unaudited)
	RMB'000	RMB'000
(Loss)/profit		
(Loss)/profit attributable to owners of the Company used in basic and diluted (loss)/earnings per share calculations	**(18,634)**	1,423
Weighted average number of shares	**'000**	'000
Weighted average number of ordinary shares used in basic and diluted (loss)/earnings per share calculations	**2,499,638**	2,499,638

Diluted (loss)/earnings per share were the same as basic (loss)/earnings per share for the six months ended 31 December 2022 and 2021 as there were no potential ordinary shares in issue.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, property, plant and equipment with carrying amount of approximately RMB14,946,000 was transferred to investment properties as detailed in note 10.

During the six months ended 31 December 2022, the Group acquired items of property, plant and equipment with a cost of approximately RMB5,869,000 (six months ended 31 December 2021: RMB57,171,000 which was partially settled by (i) cash of approximately RMB51,171,000; and (ii) utilisation of prepayment for property, plant and equipment of RMB5,000,000. RMB1,000,000 remained unpaid and was included in trade and other payables as of 31 December 2021).

During the six months ended 31 December 2021, the Group disposed of property, plant and equipment with a carrying amount of RMB27,000 for the proceeds of approximately RMB25,000.

Impairment assessment

Due to the adverse impact of COVID-19 brought to the plantation business segment, the management of the Group concluded there was indication for impairment and conducted impairment assessment on property, plant and equipment with carrying amount of RMB46,541,000 relating to the plantation business segment.

The recoverable amount had been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate of 17.84% as at 31 December 2022. Furthermore, the recent uplift of COVID-19 measures allows farmers to return to the farmland and cultivate the citrus trees. With better maintenance of the citrus trees, it is expected that a compound annual growth rate of approximately 4.10% will be achieved during the remaining useful lives of the citrus trees. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the cash-generating unit's past performance and management expectations for the market development.

9. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Impairment assessment *(Continued)*

Nonetheless, based on the result of the assessment, the management of the Group determined that the recoverable amount of the property, plant and equipment was lower than the carrying amount and an impairment loss of approximately RMB6,463,000 had been recognised against the carrying amount of property, plant and equipment during the six months ended 31 December 2022.

10. INVESTMENT PROPERTIES

During the six months ended 31 December 2022, the Group leased out certain buildings in the PRC to an independent third party with total carrying amount of approximately RMB15,590,000 transferred from property, plant and equipment (including a valuation gain of approximately RMB644,000 which was recognised in the revaluation reserve).

	RMB'000
Fair value (unaudited)	
As at 1 July 2022	–
Transfer from property, plant and equipment	15,590
As at 31 December 2022	**15,590**

	Fair value measurement categorised into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2022 (unaudited)				
Recurring fair value measurement				
Investment properties located outside Hong Kong	–	–	15,590	15,590

The fair values of the Group's investment properties as at 31 December 2022 had been arrived at on the basis of a valuation carried out by independent qualified professional valuers not connected to the Group.

At the end of the reporting period, the management of the Group discussed with the independent qualified professional valuers about the appropriate valuation techniques and key inputs for Level 3 fair value measurements.

The fair value of each investment property is individually determined at the end of each reporting period based on its market value and by adopting investment method. The investment method relying on the capitalisation of rental income is based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy status. The fair value of each investment property reflects, among other things, rental income from current term leases, term yield rate, assumptions about rental income from future reversion leases in light of current market conditions and reversionary yield rate. Judgment by the valuers is required to determine the principal valuation factors, including term yield rate and reversionary yield rate. Such yield rates were adopted after considering the investment sentiments and market expectations of properties of similar nature.

10. INVESTMENT PROPERTIES *(continued)*

Investment properties held by the Group	Fair value 31 December 2022 (unaudited) RMB'000	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Range
Investment properties					
– Buildings	**15,590**	Level 3	Investment method	(1) Reversionary yield; and	5%
				(2) Market rent RMB15.30 per square meter	

Reversionary yield is the rate taking into account the capitalisation of potential rental income, nature of the property and prevailing market conditions. Market rent per square meter is the rent taking into account the direct comparable market transactions to the related properties.

The fair value measurement is negatively correlated to the reversionary yield and positively correlated to the market rent per square meter.

11. FINANCIAL ASSETS

Fair value of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. As at 31 December 2022 and 30 June 2022, the investment funds were stated by reference to the net asset value provided by the relevant administrators of the investment funds.

Information about Level 3 fair value measurements

Description	Fair value 31 December 2022 (unaudited) RMB'000	Fair value 30 June 2022 (audited) RMB'000	Fair value hierarchy	Valuation technique and key input
Financial assets at fair value through other comprehensive income ("FVTOCI")				
Unlisted investment funds	**3,185**	3,202	Level 3	Net asset value
Financial assets at fair value through profit or loss ("FVTPL")				
Unlisted investments funds	**8,283**	–	Level 3	Net asset value

The net asset value is positively correlated to the fair value measurement of the unlisted investment funds.

There were no transfers between Level 1 and 2, or transfers into or out of Level 3, during the six months ended 31 December 2022 and the year ended 30 June 2022.

11. FINANCIAL ASSETS *(continued)*

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000
As at 1 July 2021 (audited)	–	–
Addition	–	12,720
Disposal	–	(16,807)
Realised gain	–	5,534
Unrealised gain	–	1,055
Exchange realignment	–	700
As at 30 June 2022 and 1 July 2022 (audited)	**–**	**3,202**
Addition	**9,939**	**3,309**
Disposal	**–**	**(3,309)**
Realised loss	**–**	**(81)**
Unrealised loss	**(1,484)**	**(46)**
Exchange realignment	**(172)**	**110**
As at 31 December 2022 (unaudited)	**8,283**	**3,185**

Included in other comprehensive income is an amount of approximately RMB127,000 (30 June 2022: RMB6,589,000) relating to fair value changes on unlisted investment funds classified as financial assets at FVTOCI held as at 31 December 2022 and was reported as changes of FVTOCI reserve.

12. BIOLOGICAL ASSETS

	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
At the beginning of the period/year	**910**	520
Increase due to cultivation	**5,807**	8,283
Realised gain from changes in fair value less costs to sell	**91**	617
Written-down of biological assets	**(552)**	–
Decrease due to harvested	**(574)**	(8,510)
At the end of the period/year	**5,682**	910

	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
Oranges	**140**	490
Passion fruits	**5,542**	420
	5,682	910

12. BIOLOGICAL ASSETS *(continued)*

Notes:

(a) During the six months ended 31 December 2022, the Group harvested approximately 35 tonnes (31 December 2021: 1,301 tonnes of orange) of saleable passion fruits. The Group measured the fair value less costs to sell of oranges and passion fruits at the point of harvest based on market prices as at or close to the harvest dates.

(b) Oranges were harvested from December to June and passion fruits are harvested bi-annually during June to August and February to March. The growing oranges cultivated by the Agriculture Company were in premature stage as at 31 December 2022, future economic benefit and expected harvest quantity could not be reliably estimated for fair value measurement as this would involve adoption of subjective assumptions, such as weather conditions, natural disaster and effectiveness of fertilizers and pesticides. As such, the directors of the Company considered that the fair value of these oranges at the end of the reporting period could not be measured reliably and no reliable alternative estimates existed to determine their fair value. Therefore, the biological assets with carrying amount of approximately RMB5,682,000 (30 June 2022: RMB910,000) were stated at cost, representing cultivation cost incurred, mainly including fertilisers, pesticides and labour costs.

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

(1) Regulatory and environmental risks

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

(2) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of oranges and passion fruits. 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 plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed to minimise those risks, including regular forest health inspections and industry pest and disease surveys.

(4) Price risk

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

13. TRADE AND OTHER RECEIVABLES

	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
Trade receivables	1,290	6,623
Less: Allowance for ECL	(83)	(204)
	1,207	6,419
Deposits paid and other receivables *(Note)*	18,859	31,264
Less: Allowance for ECL	(8,507)	(6,678)
	10,352	24,586
Total trade and other receivables, net of allowance for ECL	11,559	31,005

Note: As at 31 December 2022, deposits paid and other receivables comprised mainly a total amount due from 利添生物科技發展(合浦)有限公司 (Lucky Team Biotech Development (Hepu) Limited*) of approximately RMB18,494,000 (30 June 2022: RMB14,275,000) in relation to a business cooperation under the Plantation Business.

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

	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
0-30 days	672	5,191
31-60 days	140	303
61-90 days	153	533
Over 90 days	242	392
	1,207	6,419

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

* *For identification purposes only*

14. LOAN RECEIVABLES

	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
Loan receivables *(Note)*	**15,468**	7,098
Less: Allowance for ECL	**(259)**	(120)
	15,209	6,978

Note: On 6 April 2022, the Group entered into a loan agreement with 深圳市恒裕啟揚教育有限公司 (Shenzhen Hengyu Qiyang Education Co., Ltd.*), a company indirectly wholly-owned by Mr. Kung, who is a substantial shareholder of the Company. The loan with principal amount of RMB7,000,000, carrying interest at 6% per annum and repayable in one year, is guaranteed by Mr. Kung. Further details are disclosed in the Company's announcement dated 6 April 2022.

On 2 September 2022, the Group entered into a loan agreement with an independent third party. The loan with principal amount of RMB8,000,000, carrying interest of 6% per annum and repayable in nine months, is guaranteed by Mr. Kung.

The Group does not hold any collateral over these balances. As at 31 December 2022, the amount was not yet past due.

15. PREPAYMENTS

	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
Prepayments to suppliers *(Note)*	**17,366**	5,697
Other prepayments	**565**	45
	17,931	5,742

Note: As at 31 December 2022, prepayments to suppliers, included an amount of approximately RMB12,805,000 (30 June 2022: Nil) that was paid to a brand owner, an independent third party, for purchase of goods and was used as security for obtaining bank loans of which details are set out in note 18.

* *For identification purposes only*

16. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	31 December 2022 (unaudited) Number of shares	Carrying amount HKD'000	30 June 2022 (audited) Number of shares	Carrying amount HKD'000
Authorised:				
Ordinary shares of HKD0.01 each				
At the beginning of the period/year and at the end of the period/year	5,000,000,000	50,000	5,000,000,000	50,000
Issued and fully paid:				
At the beginning of the period/year and at the end of the period/year	2,499,637,884	24,996	2,499,637,884	24,996
		RMB'000		RMB'000
Equivalent to		22,831		22,831

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.

(b) Dividends

No dividend has been paid or proposed by the Company during the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

(c) 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 condensed 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.

17. TRADE AND OTHER PAYABLES

	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
Trade payables	**690**	3,547
Other payables and accruals *(Note)*	**13,759**	24,821
Amount due to a director	**135**	130
	14,584	28,498

Note: As at 31 December 2022, other payables and accruals mainly comprise of (i) outstanding legal and professional fees of approximately RMB1,110,000 (30 June 2022: RMB2,152,000); and (ii) amount due to a related company, 深圳市金龍空調電器有限公司 (Shenzhen Jinlong Air Conditioning Electric Co., Ltd.*), in respect of the advance to 深圳市金龍建設工程有限公司 (Shenzhen Jinlong Construction Engineering Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, of approximately RMB10,714,000 (30 June 2022: RMB18,659,000) which is interest free and repayable on demand.

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:

	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
Within 3 months	**502**	3,482
Over 3 months but within 1 year	**187**	24
Over 1 year	**1**	41
	690	3,547

* *For identification purposes only*

18. BORROWINGS

During the six months ended 31 December 2022, the Group obtained new bank loans amounting to RMB5,000,000 (six months ended 31 December 2021: RMB nil). The loans are secured by the Group's prepayment of approximately RMB12,805,000 as at 31 December 2022 (30 June 2022: RMB nil), carry interest at fixed rates in the range of approximately 6.12% to 7.128% per annum and are repayable by instalments over a period of 2 years. The proceeds were used as general working capital of the Group.

19. CAPITAL COMMITMENTS

	31 December 2022 (unaudited) RMB'000	30 June 2022 (audited) RMB'000
Capital expenditure contracted for but not provided for:		
Acquisition of property, plant and equipment	3,236	–
	3,236	–

20. RELATED PARTY TRANSACTIONS

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

(a) Balances with related parties

Details of the loan receivables, amount due to a related company and amount due to a director of the Company at the end of reporting period are set out in notes 14 and 17.

(b) Office accommodation arrangement

Office accommodation charges disclosed in note 6(c) included a sum of approximately RMB1,291,000 (six months ended 31 December 2021: RMB980,000) in respect of a short-term arrangement for the provision of office accommodation and related facilities by a company of which (i) a substantial shareholder of the Company is the owner; and (ii) a member of the key management personnel of the Group is a director.

(c) Compensation of key management personnel

	Six months ended 31 December	
	2022	2021
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Short-term employee benefits	**1,432**	1,266
Contributions to defined contribution retirement plans	**8**	7
	1,440	1,273

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

22. EVENTS AFTER THE REPORTING PERIOD

On 16 February 2023, Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司) (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company in the PRC, entered into an equity transfer agreement with Chen Xiaochun and Wu Guoqian (the "**Vendors**") and 陝西品尚農產品貿易有限公司 (Shaanxi Pinshang Agricultural Products Trading Co., Ltd.*) (the "**Target Company**"), pursuant to which the Purchaser has agreed to purchase and the Vendors have agreed to sell the entire equity interest in the Target Company at a consideration of RMB4,500,000 (the "**Acquisition**"). Further details are disclosed in the Company's announcements dated 16 February 2023 and 28 February 2023. As at the date of approval of these condensed consolidated financial statements, the Acquisition has not yet been completed.

* *For identification purposes only*

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

As at 31 December 2022, the interests or short positions of the Directors and the Chief Executives of Asian Citrus Holdings Limited (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 Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") adopted by the Company, are set out below:

		Number of shares held					
Name of Director/ Chief Executive	Class of shares	Personal interests	Family interests	Corporate interests	Other Interests	Total	Approximate percentage of the Company's issued share capital
Mr. Ng Ong Nee	Ordinary shares	–	–	179,252,394 *(Note)*	–	179,252,394	7.17%

Note: The corporate interests of 179,252,394 shares are owned by Changjiang Tyling Management Company Limited ("**Changjiang Tyling**"), a company of which 50% of the issued share capital is owned by Mr. Ng Ong Nee, the Chairman, an Executive Director and the Chief Executive Officer of the Company.

Save as disclosed above, none of the Directors nor the Chief Executives 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 31 December 2022 as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2022, so far as is known to the Directors, the substantial shareholders and persons or companies (other than the Directors and the Chief Executives of the Company) who/which had an interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Division 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Capacity/ Nature of interests	Number of shares held	Approximate percentage of interest in the issued shares of the Company
Mr. Kung Chak Ming *(Note 1)*	Beneficial owner/Personal	419,298,000	16.77%
Mr. Xu Guodian *(Note 2)*	Beneficial owner/Personal	276,243,000	11.05%
Mr. Liu Peng *(Note 3)*	Beneficial owner/Personal	221,981,000	8.88%
Changjiang Tyling *(Note 4)*	Beneficial owner/Corporate	179,252,394	7.17%
Mr. Ng Ong Nee *(Note 4)*	Interest in a controlled corporation	179,252,394	7.17%

Notes:

(1) These shares were issued and placed to Mr. Kung Chak Ming on 19 April 2021 under specific mandate pursuant to a placing agreement dated 19 January 2021.

(2) These shares were issued and placed to Mr. Xu Guodian on 19 April 2021 under specific mandate pursuant to a placing agreement dated 19 January 2021.

(3) These shares were issued and placed to Mr. Liu Peng on 19 April 2021 under specific mandate pursuant to a placing agreement dated 19 January 2021.

(4) Changjiang Tyling is 50% owned by Mr. Ng Ong Nee (who is the Chairman, an Executive Director and the Chief Executive Officer of the Company) 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.

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

SHARE OPTION SCHEME

The Company has adopted a new share option scheme at the annual general meeting of the Company held on 30 December 2020 (the "**2020 Scheme Option Scheme**"), which is valid and effective for a period of 10 years commencing on 30 December 2020.

The 2020 Scheme Option Scheme enables the Company to grant options to eligible participants to subscribe for shares in the Company as incentives and rewards for their contributions to the Group. The board (the "**Board**") of directors of the Company may, at its discretion, invite (i) any employee including executive directors (whether full time or part time) of the Company, any subsidiary or any invested entity; (ii) any non-executive director (including any independent non-executive director) of the Company, any subsidiary or any invested entity; (iii) any consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Company, any subsidiary or any invested entity, to take up options to subscribe for the shares in the Company.

The option period shall not expire later than 10 years from the date of grant of option. The vesting period shall not be less than 12 months except for employee participants who may be subject to a shorter vesting period under specific circumstances, for which an option must be held or a performance target which must be achieved before it can be exercised.

The total number of shares in respect of which options may be granted under the 2020 Share Option Scheme must not in aggregate exceed 124,963,788 shares, representing 10% of the shares in issue as at the date of adoption of the 2020 Share Option Scheme. A scheme mandate refreshment must be approved by the shareholders of the Company in general meeting. The total number of the shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the 2020 Share Option Scheme in any 12-month period must not exceed 1% of the shares in issue from time to time unless approval from the shareholders of the Company in general meeting is obtained with such grantee and his/her/its associates abstaining from voting. Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors (excluding whom is the grantee) of the Company. Options to an independent non-executive director or a substantial shareholder of the Company or any of their respective associates in any 12-month period in aggregate over 0.1% of the relevant class of shares in issue must be approved by the shareholders of the Company in general meeting with such grantee and his/her/its associates and all core connected persons of the Company abstaining from voting in favour at such general meeting.

The subscription price for the shares payable on the exercise of an option shall be a price determined by the Board and notified to each participant and will be at least the highest of (i) the closing price of the Company's shares on the Main Board as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing price of the Company's shares on the Main Board as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

No share option was granted, cancelled or exercised or lapsed pursuant to the 2020 Share Option Scheme during the six months ended 31 December 2022 and none of the Directors nor the Chief Executives of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations within the meaning of the SFO.

As at 31 December 2022, the total number of shares available for issue under the 2020 Share Option Scheme shall be 124,963,788, representing approximately 5% of the entire issued share capital of the Company, and the Company had no outstanding share options under the 2020 Share Option Scheme.

USE OF PROCEEDS FROM THE COMPANY'S PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 19 April 2021, the Company completed of a placing of an aggregate of 1,250,000,000 placing shares at HK$0.08 for each placing share to not less than six placees who and whose ultimate beneficial owner(s) are independent third parties pursuant to the terms and conditions of a placing agreement dated 19 January 2021 (the "**Placing**"). For further details, please refer to 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.

The net proceeds raised 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), was approximately HK$94.7 million (the "**Net Proceeds**"). The Company intended to use the Net Proceeds for (a) financing of the consideration in respect of the acquisition of the land and properties pursuant to a sale and purchase agreement dated 19 January 2021 (the "**Land and Properties**"); (b) the refurbishment of the Land and Properties; and (c) the working capital of the Group for daily operations.

As at 31 December 2022, approximately HK$83.7 million of the Net Proceeds had been utilised for the financing the consideration in respect of the acquisition of the Land and Properties and for the Group's working capital for daily operations and approximately HK$11.0 million remained unutilised. There has been no change in the intended use of Net Proceeds as previously disclosed, and the Group expects to utilise the residual amount of the Net Proceeds in accordance with such purposes in the coming year. The unutilised Net Proceeds were placed with banks in Hong Kong.

The following table sets forth the details of use of the Net Proceeds from the Placing:

Use of the Net Proceeds		Planned	Actual	Unutilised
			HK$'000 (Approximate percentage of the Net Proceeds)	
(A)	Financing of the consideration in respect of the acquisition of the Land and Properties	68,400 (72.2%)	68,400 (72.2%)	– (0.0%)
(B)	Refurbishment of the Land and Properties	11,000 (11.6%)	– (0.0%)	11,000 (11.6%)
(C)	Working capital of the Group for daily operations	15,300 (16.2%)	15,300 (16.2%)	– (0.0%)
Total		94,700 (100.0%)	83,700 (88.4%)	11,000 (11.6%)

PURCHASE, SALE OF 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 of any of such listed securities during the six months ended 31 December 2022.

CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2022, the Directors, where practicable, sought to adopt the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Company has complied with all the Code Provisions of the CG Code, except for the following deviation:

Code Provision C.2.1

Mr. Ng Ong Nee, the Chief Executive Officer of the Company, was appointed as Chairman of the Board of directors (the "**Directors**") of the Company on 4 August 2015. Since then, the roles of the Chairman and Chief Executive Officer have been performed by 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 members meet regularly to consider issues related to corporate matters affecting the operations of the Group and consider 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**").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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/she had fully complied with the required standard as set out in the Model Code throughout the six months ended 31 December 2022.

CHANGES IN THE COMPOSITION OF THE BOARD

Change in the composition of the Board during the six months ended 31 December 2022 and up to the date of this report are as follows:

Ms. Liu Jie was appointed as an INED on 11 July 2022.

Mr. He Xiaohong retired as a Non-executive Director, effective from the conclusion of the annual general meeting of the Company held on 30 December 2022.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board (the "**Audit Committee**") comprises three INEDs as members, Mr. Liu Ruiqiang, Mr. Lai Zheng and Mr. Wang Tianshi, and Mr. Liu Ruiqiang was the chairman of the 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 relating to the interim financial statements, and monitoring the accounting, internal control and risk management systems in use throughout the Group.

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 unaudited consolidated financial statements and interim report for the six months ended 31 December 2022.

PUBLICATION OF INTERIM REPORT

The interim report is published on the respective websites of the Company (www.asian-citrus.com) under the investor relations section and the Stock Exchange (www.hkex.com.hk) and will be dispatched to the shareholders of the Company in due course.

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

Hong Kong, 28 February 2023

COMPANY INFORMATION

DIRECTORS

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

Non-executive Directors
Mr. James Francis BITTL

Independent Non-executive Directors
Mr. LIU Ruiqiang
Mr. LAI Zheng
Mr. WANG Tianshi
Ms. LIU Jie

COMPANY SECRETARY

Miss NG Ling Ling

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