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 2023

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 2023 together with the comparative figures for the year ended 30 June 2022.

FINANCIAL HIGHLIGHTS

	For the year ended 30 June 2023 *(RMB Million)*	For the year ended 30 June 2022 *(RMB Million)*	% change
Reported financial information			
Revenue	**110.0**	143.6	-23.4
Other income	**5.2**	7.6	-31.6
Loss before income tax	**(58.9)**	(19.0)	210.0
Loss attributable to the owners of the Company	**(58.7)**	(20.7)	183.6
Basic loss per share attributable to the owners of the Company *(RMB)*	**(0.023)**	(0.008)	187.5

FINANCIAL POSITION

	As at 30 June 2023 *(RMB Million)*	As at 30 June 2022 *(RMB Million)*	% change
Total assets	**188.1**	230.6	-18.4
Net current assets	**59.6**	83.2	-28.4
Cash and cash equivalents	**26.1**	48.1	-45.7
Total equity	**148.0**	201.5	-26.6
Current ratio	**2.72**	3.87	-29.7

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the latest development, progress and annual results of the Group for the year ended 30 June 2023 (the "**Year**") to the shareholders of the Company.

REVIEW

During the Year, 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 in 2022. Despite the PRC relaxed its COVID-19 restrictions and measures in December 2022 which was a good signal for the recovery of plantation and fruit distribution industry, COVID-19 cases in late 2022 and early 2023 has also negatively affected the normal operation of many companies.

The Group inevitably affected by the prolonged COVID-19 pandemic directly and indirectly. In particular, the Group's farmland in Guangxi was directly affected by the outbreak in 2022 as 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. Despite the Group's effort in revitalising the affected citrus trees in 2023, a number of citrus trees were remained in poor condition. Under these circumstances, the harvest and quality of the Group's oranges was unsatisfactory.

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 Year, the Group expanded the planting of passion fruits which provided a new source of revenue for the Group. The Group will endeavour to diversify the product portfolio and increase the sources of revenue of the Group.

In respect of the distribution of various fruits business ("**Fruit Distribution Business**"), taking account into the risks and uncertainties the Group is exposed to in the post-COVID-19 era and the cost effectiveness, the Group has put its focus on the local market. The Group acquired a PRC fruit distribution company to materialize it during the Year, despite the Group was inevitably suffering from the pandemic, leading to decline in revenue.

The Group commenced the distribution and installation of air-conditioners business ("**Air-conditioners Distribution Business**") in 2022, which started to generate revenue for the Group. During the Year, the business achieved preliminary success as the revenue generated from the Air-conditioners Distribution Business contributed substantial revenue to the Group. Having established the business presence in Meizhou, the Air-conditioners Distribution Business has expanded into the market in Shenzhen in 2023. As air-conditioners are necessity for households in the PRC, the demand for air-conditioners was generally less 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 RMB110.0 million for the Year, representing a decrease of approximately 23.4% as compared to the revenue of approximately RMB143.6 million for the year ended 30 June 2022. The Group recorded a net loss of approximately RMB58.7 million for the Year, representing an increase in loss of approximately RMB38.0 million as compared to the year ended 30 June 2022 principally attributable to the impairment loss on property, plant and equipment of approximately RMB32.4 million for the Year. The Company will continue to strive to enhance the revenue and the shareholders value of the Company in the foreseeable future.

PROSPECTS

The planting, cultivation and sale of agricultural produce business ("**Plantation Business**") of the Group involves plantation and cooperation with the local farmers in plantation of various types of fruits. The Group continues to closely monitor the reform of its Plantation Business through deploying procedures to improve its plantation technology and processes at the plantation, such as cost control and productivity management. 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 and the performance of the plantation business is expected to recover.

The Fruit Distribution Business of the Group involves distribution of various types of high quality fruits in the PRC by sourcing from quality suppliers and distributing to the customers. The Group continues to receive recurring orders from various customers and cooperate with its suppliers for its Fruit Distribution Business. In addition, the demand for high-quality food including premium fruits is anticipated to gradually recover, which will be favorable to the Fruit Distribution Business of the Group. The Group will continue to actively approach various domestic suppliers for sourcing quality fruits to achieve a stable supply and to source new kind of fruits for the premium quality fruits portfolio.

In respect of the Air-conditioners Distribution Business and after-sale services, the demand for air-conditioners is expected to increase with the climate change. 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 the Air-conditioners Distribution Business will grow steadily in 2023 and 2024.

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 PRC, the Group will continue to strengthen the core competence and improve the overall performance upon 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 for 2023/2024.

Ng Ong Nee
Chairman

28 September 2023

MANAGEMENT DISCUSSION & ANALYSIS

During the year ended 30 June 2023, the principal business activities of the Group include (i) the Plantation Business; (ii) the Fruit Distribution Business and (iii) the Air-conditioners Distribution Business, which were operating in the PRC.

OUTLOOK

2023/2024 will continue to be a challenging period for the fruit planting and trading industry in the PRC. The slowing economy in the PRC, coupled with the cautious consumption sentiment in the PRC and fluctuations in the price of various commodities in the world after the pandemic, is expected to continue to create uncertainties for local demand and price of fruits. As such, the Group will continue to adopt a cautious approach for its Plantation Business and Fruit Distribution Business for the future.

Meanwhile, the successful development of the Air-conditioners Distribution Business has provided an additional revenue stream for the Company and a foundation to further penetrate the market. With the air-conditioners becoming a necessity for households in the PRC, the demand for air-conditioners was generally less affected by the overall sentiment of the consumers. As such, we are optimistic that the Air-conditioners Distribution Business will grow steadily in 2023 and 2024.

BUSINESS REVIEW

Currently, the agricultural produces of the Plantation Business are planted and cultivated by the Group at the Hepu Plantation located in Guangxi, the PRC (the "**Hepu Plantation**") and subsequently wholesaled to distributors in the PRC. During the year ended 30 June 2023, the Group's farmland in Guangxi was directly affected by the outbreak in 2022 as 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. As such, the harvest and quality of the Group's agricultural produces was unsatisfactory.

In respect of the Fruit Distribution Business, 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 at a premium price. The operation was adversely affected by COVID-19 and the corresponding restrictive and social distancing measures during the Year.

Despite the challenging operating environment, the Group has continued to procure additional new customers across different cities in the PRC for further expansion of its Fruit Distribution Business as well as to secure additional supply agreements for enhancement of the variety of its fruits offered to customers. The 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.

The Air-conditioners Distribution Business, which commenced in 2022, is principally engaged in the distribution of air-conditioners and after-sale services including installation and maintenance of air-conditioners in the PRC. The Air-conditioners Distribution Business has achieved preliminary success in gaining a foothold in the industry as the Group recorded revenue of approximately RMB53.8 million for the Year.

FINANCIAL REVIEW

Revenue

The Group recorded total revenue of approximately RMB110.0 million (2022: RMB143.6 million) for the year ended 30 June 2023.

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 revenue by segment.

	For the year ended 30 June		
	2023	2022	% change
	RMB'000	*RMB'000*	
Plantation Business	**664**	8,510	-92.2
Fruit Distribution Business	**55,615**	123,155	-54.8
Air-conditioners Distribution Business	**53,750**	11,907	351.4
Total	**110,029**	143,572	-23.4

For the year ended 30 June 2023, the Group recorded revenue of approximately RMB0.7 million (2022: RMB8.5 million) from the Plantation Business in the Hepu Plantation. In the second half of the year of 2022, due to the lockdown measures imposed by the local government in response to the COVID-19, the citrus trees and passion fruits trees did not receive proper maintenance and attendance in Guangxi. Despite the fact that farmers were able to return to farmland after the lifting of the lockdown measures in 2023, a number of citrus trees have already infected with diseases and insect and could not be revitalised even with the Group's best effort. As such, the quality of the oranges and passion fruits of the Group was unsatisfactory and the harvest quantity decreased significantly. Accordingly, the revenue from the Plantation Business for the year ended 30 June 2023 decreased.

In respect of the Fruit Distribution Business, the Group recorded revenue of approximately RMB55.6 million (2022: RMB123.2 million) for the year ended 30 June 2023, representing a decrease of approximately 54.8% as compared to last year. With the COVID-19 prevention and local lockdown arrangements in late 2022, staff of the Group were generally under work-from-home arrangement, which caused practical difficulties for the Group to deploy sufficient manpower until the relaxation of the relevant policies in early 2023. As such, the revenue generated from the Fruit Distribution Business for the year ended 30 June 2023 decreased significantly as compared to the year ended 30 June 2022.

Regarding the Air-conditioners Distribution Business, the Group recorded revenue of approximately RMB53.8 million (2022: RMB11.9 million), representing an increase of approximately 351.4% as compared to last year. Having established the business presence in Meizhou, the Air-conditioners Distribution Business has expanded into the market in Shenzhen in 2023. The Group has continued to receive new orders of air-conditioners from its customers and successfully penetrated the market. As such, the revenue generated form the Air-conditioners Distribution Business increased to approximately RMB53.8 million for the year ended 30 June 2023.

Other income

For the year ended 30 June 2023, the Group recorded other income of approximately RMB5.2 million (2022: RMB7.6 million), which mainly consists of management income generated from various business cooperation agreements with independent farmers.

Impairment loss on property, plant and equipment

For the year ended 30 June 2023, the Group recorded impairment loss on property, plant and equipment of approximately RMB32.4 million (2022: Nil). In the second half of the year of 2022, due to the lockdown measures imposed by the local government in response to the outbreak of COVID-19, the citrus trees and passion fruits did not receive proper maintenance and attendance in Guangxi. Despite the fact that farmers were able to return to farmland after the lifting of the lockdown measures in 2023, a number of citrus trees have already infected with diseases and insect and could not be revitalised even with the Group's best effort. As such, the Group provided the impairment loss on the bearer plants and property, plant and equipment (other than bearer plants) in relation to the Plantation Business cash generating unit ("**CGU**") amounting to approximately RMB28.0 million (2022: Nil) and approximately RMB4.4 million (2022: Nil), respectively, after taking into account the recoverability of the respective values based on cash flow projections of the carrying amounts of the Plantation Business CGU was low.

Changes in fair value of investment properties

For the year ended 30 June 2023, the Group recorded changes in fair value of investment properties of approximately RMB0.5 million (2022: Nil), which was mainly attributable to the decrease in the appraised value of a commercial property of the Group located in the PRC. Such commercial property was previously occupied by the Group and leased out by the Group to an independent third party since 1 September 2022.

Changes in fair value of financial assets at fair value through profit or loss

For the year ended 30 June 2023, the Group recorded decrease in fair value of financial assets at fair value through profit or loss of approximately RMB1.1 million (2022: Nil), which was mainly attributable to the unrealised loss of the unlisted notes in the investment account set up by the Group in a security company in Hong Kong.

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

For the year ended 30 June 2023, realised loss arising from change in fair value of the biological assets less costs to sell, which represented the net decrease of fair value of the oranges and passion fruits when the Group's oranges and passion fruits became mature and were harvested, amounting to realised loss of approximately RMB0.1 million (2022: realised gain of approximately RMB0.6 million) was recognised. The decrease was mainly attributable to unfavourable harvest quantity and quality of the Group's orange and passion fruits during the year due to the lack of maintenance as a result of the lockdown measures imposed by the local government in response to the outbreak of COVID-19 in Guangxi in the second half of 2022.

Staff costs

For the year ended 30 June 2023, the staff costs of the Group amounted to approximately RMB11.8 million (2022: RMB8.4 million). The increase in staff costs by approximately 40.5% was mainly attributable to the increase in the headcount of the Group in relation to the expansion of the Air-conditioners Distribution Business during the year ended 30 June 2023.

Distribution and other operating expenses

For the year ended 30 June 2023, the distribution and other operating expenses of the Group amounted to approximately RMB1.2 million (2022: RMB6.6 million), which mainly comprised of service charges for import of fruits and transportation expenses incurred for the delivery of fruits and air-conditioners. The decrease was mainly attributable to the decrease in demand of imported fruits for the Fruit Distribution Business during the year ended 30 June 2023.

General and other administrative expenses

For the year ended 30 June 2023, the general and other administrative expenses of the Group amounted to approximately RMB12.3 million (2022: RMB16.7 million), which comprised primarily of office administration expenses, legal and professional fees, research and development expenses and plantation security charges. The decrease is mainly attributable to reduction in loss on written-off of property, plant and equipment and the absence of the termination fee paid to a farmer for repossession of certain farmland for cultivation of fruits by the Group under the Plantation Business in the current year.

Income tax credit/expense

The Group recorded an income tax credit for the year ended 30 June 2023 of approximately RMB0.2 million as compared to our income tax expense for the year ended 30 June 2022 of approximately RMB1.7 million, which was mainly attributable to the reversal of overprovision of income tax expense in prior years of approximately RMB0.3 million.

Loss for the year attributable to the owners of the Company

For the year ended 30 June 2023, loss attributable to the owners of the Company was approximately RMB58.7 million (2022: RMB20.7 million). The increase in net loss for the year mainly due to (i) the impairment loss of approximately RMB32.4 million on property, plant and equipment; and (ii) the decrease in the revenue from the Plantation Business and Fruit Distribution Business.

RISK FACTORS

The Group's business is exposed to the risk factors as set out below.

Climate changes and natural disasters

The Group's orange 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 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 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.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 30 June 2023 (2022: Nil).

CAPITAL

As at 30 June 2023, the total number of issued shares of the Company was 2,499,637,884 shares (2022: 2,499,637,884 shares).

LIQUIDITY AND FINANCE RESOURCES

Liquidity

As at 30 June 2023, the Group had liabilities of approximately RMB3.4 million (2022: Nil) in respect of bank borrowings. The net cash position of the Group was approximately RMB26.1 million (2022: RMB48.1 million).

As at 30 June 2023, the current ratio and quick ratio were 2.72 and 2.30 respectively (2022: 3.87 and 3.16 respectively).

Funding and treasury policy

During the year ended 30 June 2023, 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 30 June 2023, the Group's prepayment of approximately RMB4.6 million (2022: Nil) was used as security for obtaining bank borrowings of RMB3.4 million (2022: Nil).

Capital commitments

As at 30 June 2023, the Group did not have any capital commitments (2022: Nil).

FOREIGN EXCHANGE RISK

The Group is exposed to foreign currency risk primarily through its cash and cash equivalents as well as equity securities listed in Hong Kong and the United States 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 and United States 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 intend 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 annually, include salaries/wages and other employee benefits, such as accommodation, discretionary bonuses, mandatory provident fund contributions and share options.

As at 30 June 2023, the Group had 59 (2022: 47) permanent employees.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2023 (2022: Nil).

OTHER SIGNIFICANT EVENTS

On 3 February 2023, 深圳市金龍建設工程有限公司 (Shenzhen Jinlong Construction Engineering Co., Ltd.*) ("**Jinlong Construction**"), an indirectly wholly-owned subsidiary of the Company, as purchaser, and Shenzhen Jinlong Air Conditioning Electric Co., Ltd. ("**JAC**"), as seller entered into a framework agreement (the "**Framework Agreement**"), pursuant to which Jinlong Construction has conditionally agreed to purchase, and JAC has conditionally agreed to sell the electrical appliances (including air conditioners) during the period from the date of the Framework Agreement to 30 June 2025. For further details of the above the continuing connected transaction, please refer to announcement of the Company dated 3 February 2023.

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 (collectively, the "**Vendors**") and Shaanxi Pinshang Agricultural Products Trading Co., Ltd.* (陝西品尚農產品貿易有限公司) ("**Shaanxi Pinshang**"), pursuant to which the Purchaser has agreed to purchase and the Vendors have agreed to sell the entire equity interest in the Shaanxi Pinshang 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.

In addition, the Company proposed to implement rights issue on the basis of one rights share for every two existing shares at a subscription price of HK$0.035 per rights share. The proposed right issue has not yet completed as at the date of this announcement. Details of the rights issue were set out in the Company's announcements dated 11 September 2023 and 25 September 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	2023 *RMB'000*	2022 *RMB'000*
Revenue	*4*	**110,029**	143,572
Cost of inventories		**(103,619)**	(126,596)
Other income	*5*	**5,227**	7,605
Impairment loss on property, plant and equipment		**(32,416)**	–
Changes in fair value of investment properties	*10*	**(530)**	–
Realised (loss)/gain arising from changes in fair value of biological assets less costs to sell		**(51)**	617
Reversal of/(provision for) allowance of expected credit losses on trade receivables, net	*11(a)*	**125**	(133)
Reversal of/(provision for) allowance of expected credit losses on other receivables, net	*11(b)*	**121**	(2,405)
Provision for allowance of expected credit losses on loan receivables, net		**(1,605)**	(120)
Changes in fair value of financial assets at fair value through profit or loss	*12*	**(1,063)**	–
Depreciation of property, plant and equipment and right-of-use assets	*6*	**(9,641)**	(9,772)
Staff costs		**(11,787)**	(8,442)
Distribution and other operating expenses		**(1,188)**	(6,632)
General and other administrative expenses		**(12,330)**	(16,718)
Finance costs		**(196)**	(2)
Loss before income tax	*6*	**(58,924)**	(19,026)
Income tax credit/(expense)	*7*	**194**	(1,670)
Loss for the year attributable to the owners of the Company		**(58,730)**	(20,696)

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
– Exchange differences on translation from foreign currency to presentation currency		**7,998**	10,218
– Fair value change on investments funds classified as financial assets at fair value through other comprehensive income		**131**	6,589
– Fair value adjustment upon transfer of self-occupied properties to investment properties	*10*	**644**	–
Items that may be reclassified subsequently to profit or loss:			
– Release of exchange reserve upon deregistration of a subsidiary		**2**	–
– Exchange differences on translation of financial statements of foreign operations, net of tax		**(3,603)**	(9,119)
Other comprehensive income for the year attributable to the owners of the Company		**5,172**	7,688
Total comprehensive loss for the year attributable to the owners of the Company		**(53,558)**	(13,008)
		RMB	*RMB*
Loss per share attributable to the owners of the Company	*8*		
– Basic and diluted		**(0.023)**	(0.008)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Notes	2023 RMB'000	2022 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**21,892**	63,234
Right-of-use assets		**54,171**	51,928
Investment properties	*10*	**15,060**	–
Financial assets at fair value through other comprehensive income		**–**	3,202
Goodwill		**2,916**	–
		94,039	118,364
Current assets			
Biological assets		**2,251**	910
Inventories		**12,544**	19,492
Trade and other receivables	*11*	**9,366**	31,005
Loan receivables		**6,673**	6,978
Prepayments		**14,957**	5,742
Financial assets at fair value through profit or loss	*12*	**22,183**	–
Cash and cash equivalents		**26,099**	48,100
		94,073	112,227
Current liabilities			
Trade and other payables	*13*	**27,014**	28,498
Contract liabilities		**4,706**	164
Lease liabilities		**425**	46
Bank borrowings		**2,286**	–
Tax payable		**92**	321
		34,523	29,029
Net current assets		**59,550**	83,198
Total assets less current liabilities		**153,589**	201,562
Non-current liabilities			
Lease liabilities		**4,485**	42
Bank borrowings		**1,142**	–
		5,627	42
Net assets		**147,962**	201,520
EQUITY			
Share capital	*14*	**22,831**	22,831
Reserves		**125,131**	178,689
Total equity		**147,962**	201,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability on 4 June 2003 under the Companies Act of Bermuda. 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 was changed from 1/F., Ching Cheong Industrial Building, 1-7 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong to Room 2510, 25/F, Arion Commercial Centre, 2-12 Queen's Road West, Sheung Wan, Hong Kong with effect from 3 July 2023. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 November 2009.

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

The substantial shareholders of the Company are Mr. Kung Chak Ming ("**Mr. Kung**"), Mr. Xu Guodian, Mr. Liu Peng and Changjiang Tyling Management Company Limited which is 50% owned by Mr. Ng Ong Nee, an executive director of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collective term includes all IFRSs, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirement of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosures provision of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss ("**FVTPL**") and biological assets, which have been measured at fair values as at the end of the reporting period. Certain comparative figures have been reclassified to conform to the current year's presentation.

The functional currency of the Company is Hong Kong dollar ("**HK$**"). However, the consolidated financial statements are presented in Renminbi ("**RMB**"), as the board of directors of the Company 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. All values are rounded to the nearest thousand except when otherwise indicated.

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

In the preparation of the consolidated financial statements for the year ended 30 June 2023, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods 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 2018–2020

The application of the above amendments to IFRSs in the current year has had no material impact on the Group's financial positions and financial performance 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:

		Effective for accounting periods beginning on or after
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts and the related Amendments	1 January 2023
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these new and amendments to IFRSs is expected to be in the period of initial application. So far the Group has not identified any aspects of the new standards which may have a significant impact on the consolidated financial statements. The actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's annual report for the year ending 30 June 2024. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in the consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision markers ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the executive directors of the Company have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under IFRS 8 for the years presented are 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

Segment revenue and financial performance

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

	Plantation Business		**Fruit Distribution Business**		**Air-conditioners Distribution Business**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Gross segment revenue	**664**	8,510	**55,615**	123,155	**53,750**	11,907	**110,029**	143,572
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–
Revenue	**664**	8,510	**55,615**	123,155	**53,750**	11,907	**110,029**	143,572
Segment results	**(42,715)**	(12,003)	**(3,521)**	2,775	**2,138**	721	**(44,098)**	(8,507)
Unallocated corporate expenses							**(15,923)**	(12,367)
Unallocated corporate income							**1,291**	178
Loss for the year							**(58,730)**	(20,696)

There was no inter-segment revenue in both years.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss incurred)/profit earned by each segment without allocation of certain administration costs, directors' emoluments, certain other income and changes in fair value of financial assets at FVTPL. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	2023	2022
	RMB'000	*RMB'000*
Segment assets		
Plantation Business	**51,456**	88,131
Fruit Distribution Business	**82,254**	60,340
Air-conditioners Distribution Business	**30,614**	32,086
Total segment assets	**164,324**	180,557
Unallocated corporate assets	**23,788**	50,034
Total assets	**188,112**	230,591
Segment liabilities		
Plantation Business	**1,040**	308
Fruit Distribution Business	**18,933**	1,570
Air-conditioners Distribution Business	**18,565**	24,686
Total segment liabilities	**38,538**	26,564
Unallocated corporate liabilities	**1,612**	2,507
Total liabilities	**40,150**	29,071

Other Segment Information

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

	Plantation Business		Fruit Distribution Business		Air-conditioners Distribution Business		Unallocated		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Additions to property, plant and equipment	**13,602**	2,414	**–**	3,467	**8**	4	**10**	1	**13,620**	5,886
Additions to right-of use assets	**–**	–	**–**	53,533	**4,899**	103	**–**	–	**4,899**	53,636
Depreciation of property, plant and equipment	**(6,860)**	(7,912)	**(168)**	(107)	**(5)**	(1)	**(30)**	(44)	**(7,063)**	(8,064)
Depreciation of right-of-use assets	**–**	–	**(2,537)**	(1,691)	**(41)**	(17)	**–**	–	**(2,578)**	(1,708)
Reversal of/(provision for) allowance of expected credit losses ("ECL") on trade receivables, net	**–**	71	**(23)**	–	**148**	(204)	**–**	–	**125**	(133)
(Provision for)/ reversal of allowance of ECL on other receivables, net	**–**	(2,268)	**(23)**	–	**–**	–	**144**	(137)	**121**	(2,405)
Reversal of/(provision for) allowance of ECL on loan receivables, net	**120**	(120)	**–**	–	**–**	–	**(1,725)**	–	**(1,605)**	(120)
Loss on disposal of property, plant and equipment	**–**	–	**–**	–	**–**	–	**(1)**	(8)	**(1)**	(8)
Loss on written-off of property, plant and equipment	**(553)**	(2,450)	**–**	–	**–**	–	**–**	–	**(553)**	(2,450)
Loss on written-off biological assets	**(692)**	–	**–**	–	**–**	–	**–**	–	**(692)**	–
Loss on written-down of inventories	**–**	–	**(1,202)**	–	**–**	–	**–**	–	**(1,202)**	–
Impairment loss on property, plant and equipment	**(32,416)**	–	**–**	–	**–**	–	**–**	–	**(32,416)**	–
Changes in fair value of investment properties	**(530)**	–	**–**	–	**–**	–	**–**	–	**(530)**	–
Changes in fair value of financial assets at FVTPL	**–**	–	**(942)**	–	**–**	–	**(121)**	–	**(1,063)**	–
Realised (loss)/gain arising from changes in fair value of biological assets less costs to sell	**(51)**	617	**–**	–	**–**	–	**–**	–	**(51)**	617
Finance costs	**–**	–	**–**	–	**(196)**	(2)	**–**	–	**(196)**	(2)
Interest income	**16**	137	**7**	73	**6**	1	**670**	2	**699**	213
Income tax credit/(expense)	**–**	–	**200**	(1,583)	**(6)**	(87)	**–**	–	**194**	(1,670)

Geographical information

Since over 90% of the Group's revenue and operating profit or loss 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 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:

	2023	2022
	RMB'000	*RMB'000*
Customer A[1]	**35,743**	102,511
Customer B[1]	**13,281**	N/A[2]

1 Revenue generated from customers A and B were attributable to Fruit Distribution Business.

2 Revenue generated from customer B did not contribute over 10% of the total revenue of the Group for the year ended 30 June 2022.

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15 recognised at a point in time		
Sales of oranges, other citrus and passion fruits	**664**	8,510
Sales of other fruits	**55,615**	123,155
Sales of air-conditioners	**53,750**	11,907
	110,029	143,572

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.

5. OTHER INCOME

	Notes	2023 RMB'000	2022 RMB'000
Bank interest income		**31**	115
Dividend income	*12(a)*	**39**	–
Gain on disposal of financial asset at FVTPL, net	*12(a)*	**414**	–
Gain on bargain purchase on acquisition of a subsidiary	*15(b)*	**–**	158
Gain on termination of a lease		**2**	–
Government grants	*(i)*	**43**	20
Interest income on loan receivables		**668**	98
Management income	*(ii)*	**3,641**	6,907
Rental income		**275**	–
Sundry income		**114**	307
		5,227	7,605

Notes:

(i) During the year ended 30 June 2023, the Group recognised government grants of approximately HK$48,000 (equivalent to approximately RMB43,000) (2022: HK$24,000 (equivalent to approximately RMB20,000)) which related to Employee Support Scheme provided by The Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or other contingencies attached to these subsidies for both years.

(ii) The Group has entered into a business cooperation agreement with the Cooperator. Pursuant to the Agreement, the Cooperator would contribute farmlands while the Group would contribute property, plant and equipment for the purpose of providing farmlands and facilities to individual farmers and generating management income during the years ended 30 June 2023 and 2022. According to business cooperation agreement, the Group is entitled to 90% of the income generated and it was recognised in the consolidated statement of profit or loss.

6. LOSS BEFORE INCOME TAX

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

	2023 *RMB'000*	2022 *RMB'000*
Auditor's remuneration	**888**	1,365
Depreciation of property, plant and equipment	**7,063**	8,064
Depreciation of right-of-use assets	**2,578**	1,708
Exchange loss/(gain), net	**366**	(76)
Office accommodation charges included in general and other administrative expenses	**2,556**	2,252
Expenses relating to short term leases included in general and other administrative expenses	**241**	71
Loss on disposal of property, plant and equipment	**1**	8
Loss on written-off of property, plant and equipment	**553**	2,450
Loss on written-off of biological assets included in general and other administrative expenses	**692**	–
Loss on write-down of inventories included in cost of inventories	**1,202**	–
Plantation security charges included in general and other administrative expenses	**987**	971
Direct operating expenses arising from investment properties that generate rental income during the year	**53**	–
Legal and professional fees included in general and other administrative expenses *(note (b))*	**2,251**	1,956
Employee benefit expenses (including directors' remuneration)		
– Salaries, allowance and benefits in kind	**11,112**	7,859
– Retirement benefit scheme contributions *(note (a))*	**675**	583
	11,787	8,442

Notes:

(a) As at 30 June 2023, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2022: Nil).

(b) The amounts mainly represented company secretarial service fees, valuation service fees and financial advisory service fees for both years.

7. INCOME TAX (CREDIT)/EXPENSE

Income tax (credit)/expense in the consolidated statement of profit or loss represents:

	2023	2022
	RMB'000	*RMB'000*
The PRC Enterprise Income Tax ("**EIT**")		
– Current year	**141**	1,670
– Over-provision in prior years	**(335)**	–
	(194)	1,670

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax under these jurisdictions 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.

The Group determined its provision for the PRC EIT 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.

The PRC EIT has been provided at the rate of 25% (2022: 25%) on the assessable profits of the Group's subsidiaries in the PRC during the year ended 30 June 2023, except certain subsidiaries operating in the PRC which were qualified small and micro-sized enterprises under Caishui [2019] No. 13, are eligible for using EIT rates at 10% and 2.5% (2022: 10% and 2.5%) during the year ended 30 June 2023. In addition, one of the indirect wholly-owned PRC subsidiaries engaged in qualifying agricultural business which entitled full EIT exemption on profits derived from such business during the years ended 30 June 2023 and 2022.

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2023	2022
	RMB'000	*RMB'000*
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	**(58,730)**	(20,696)

	Number of shares	
	2023	2022
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,499,638**	2,499,638

Diluted loss per share were the same as the basic loss per share as there were no dilutive potential shares outstanding during the years ended 30 June 2023 and 2022.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

10. INVESTMENT PROPERTIES

	RMB'000
At fair value	
At 1 July 2021, 30 June 2022 and 1 July 2022	**–**
Reclassified from property, plant and equipment	**15,590**
Changes in fair value recognised in consolidated profit or loss	**(530)**
At 30 June 2023	**15,060**

During the year ended 30 June 2023, the Group leased out a commercial building located in the PRC to an independent third party in which the building was originally occupied by the Group and was classified as property, plant and equipment with carrying amount of approximately RMB14,946,000 at the lease commencement date (i.e. 1 September 2022).

On 1 September 2022, the building was reclassified from property, plant and equipment to Investment properties and measured at fair value of approximately RMB15,590,000 which has been arrived at basis of a valuation carried out by Peak Vision Appraisals Limited ("**Peak Vision**"), an independent qualified professional valuer, which is not connected to the Group. Accordingly, the fair value changes of approximately RMB644,000 was recognised in the consolidated statement of other comprehensive income on that date.

At 30 June 2023, the fair value of the investment properties was approximately RMB15,060,000 based on the valuation carried out by Peak Vision. The fair value changes of approximately RMB530,000 was recognised in the consolidated statement of profit or loss during the year ended 30 June 2023.

Peak Vision has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The Group as a lessor

As at 30 June 2023, the undiscounted lease payments receivables by the Group in future period under non-cancellable operating leases with its tenants are as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Within one year	**300**	–
After one year but within two years	**319**	–
After two years but within three years	**328**	–
After three years but within four years	**338**	–
After four years but within five years	**348**	–
Over five years	**3,647**	–
	5,280	–

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables, gross	**3,022**	6,623
Less: Allowance for ECL on trade receivables	**(79)**	(204)
Trade receivables, net *(note (a))*	**2,943**	6,419
Deposits paid and other receivables, gross	**12,986**	31,264
Less: Allowance for ECL on other receivables	**(6,563)**	(6,678)
Deposits paid and other receivables, net *(note (b))*	**6,423**	24,586
Trade and other receivables, net	**9,366**	31,005

Notes:

(a) The Group generally granted a credit period of 30 days (2022: 30 days) to customers for sales of fruits, while no credit period was granted to sales of air-conditioners as the Group generally requests customers to pay in advance.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing and the Group does not hold any collateral in relation to these receivables.

The ageing analysis of trade receivables, net of ECL allowance, based on the past due dates, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Neither past due nor impaired	**2,709**	2
1 to 30 days past due	**18**	5,189
31 to 60 days past due	**4**	303
61 to 90 days past due	**–**	533
Over 90 days past due	**212**	392
	2,943	6,419

The ageing analysis of trade receivables, net of ECL allowance, based on the invoice dates, is as follows:

	2023	2022
	RMB'000	*RMB'000*
1 to 30 days	**2,727**	5,191
31 to 60 days	**4**	303
61 to 90 days	**–**	533
Over 90 days	**212**	392
	2,943	6,419

The movements in allowances for ECL on trade receivables are as follows:

	RMB'000
At 1 July 2021	71
Provision for ECL allowance recognised to the consolidated profit or loss, net	133
At 30 June 2022 and 1 July 2022	204
Reversal of ECL allowances recognised to the consolidated profit or loss, net	(125)
At 30 June 2023	**79**

(b) At 30 June 2023, the gross balances mainly comprised of an amount due from the Cooperator amounting to approximately RMB10,491,000 (2022: RMB14,275,000) in relation to the management income distributions as mentioned in note 5(ii). The provision for ECL allowance on this amount due amounted to approximately RMB6,540,000 (2022: RMB6,540,000) as at 30 June 2023. The amount due was unsecured, non-interest bearing and repayable on demand.

At 30 June 2022, the balance also included proceeds receivables in respect of the redemption of investment funds of approximately RMB16,807,000 which was received in full during the year ended 30 June 2023.

The movements in allowances for ECL on other receivables are as follows:

	RMB'000
At 1 July 2021	4,273
Provision for ECL allowance recognised to the consolidated profit or loss, net	2,405
At 30 June 2022 and 1 July 2022	6,678
Reversal of ECL allowance recognised to the consolidated profit or loss, net	(121)
Exchange alignment	6
At 30 June 2023	**6,563**

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 *RMB'000*	2022 *RMB'000*
Listed securities, unlisted notes held for trading and contingent consideration receivable, at fair value:		
Equity securities listed in Hong Kong *(note (a))*	**3,259**	–
Equity securities listed in United States *(note (a))*	**11,289**	–
Unlisted notes *(note (b))*	**7,574**	–
Contingent Consideration Receivable *(note (c))*	**61**	–
	22,183	–

	Equity securities listed in Hong Kong and United States *(noted (a))* *RMB'000*	Unlisted notes *(note (b))* *RMB'000*	Contingent Consideration Receivable *(note (c))* *RMB'000*	Total *RMB'000*
At 1 July 2021, 30 June 2022 and 1 July 2022	–	–	–	–
Arising from the Acquisition *(note 15(a))*	–	–	1,003	1,003
Additions	17,428	9,764	–	27,192
Disposal	(6,292)	–	–	(6,292)
Net realised gain *(note 5)*	414	–	–	414
Changes in fair value recognised in consolidated profit or loss	2,393	(2,514)	(942)	(1,063)
Exchange alignment	605	324	–	929
At 30 June 2023	**14,548**	**7,574**	**61**	**22,183**

Notes:

(a) The Group has acquired listed securities through a security company in Hong Kong during the year ended 30 June 2023. These listed securities were classified as financial assets at FVTPL as they were held for trading. The fair values of these listed securities as at 30 June 2023 were determined based on the quoted market closing prices on the Stock Exchange and the National Association of Securities Dealers Automated Quotations Stock Market.

During the year ended 30 June 2023, certain listed securities were disposed of and a net realised gain on the disposal and the dividends received from these equity securities amounting to approximately RMB414,000 (2022: Nil) and RMB39,000 (2022: Nil), respectively were recognised as an other income in the consolidated statement of profit or loss (note 5). In addition, an unrealised gain of these listed securities amounting to approximately RMB2,393,000 (2022: Nil) was also recognised to the consolidated statement of profit or loss.

(b) During the year ended 30 June 2023, the Group has set up an investment account in a security company in Hong Kong which managed by an investment manager who is an independent third party to the Group, and has the power and authority to manage and make decisions for the investments. Unlisted notes were acquired during the year ended 30 June 2023 and were classified as financial assets at FVTPL as they were held for trading. In addition, an unrealised loss of these unlisted notes amounting to approximately RMB2,514,000 (2022: Nil) was also recognised to the consolidated statement of profit or loss.

(c) The balance also included the Contingent Consideration Receivable arising from the Profit Guarantee in relation to the Acquisition as disclosed in note 15(a). Pursuant to the Profit Guarantee, the potential undiscounted amount of the Contingent Consideration Receivable that the Group could receive is between nil and RMB1,500,000.

For the year ended 30 June 2023, a fair value loss of approximately RMB942,000 (2022: Nil) was recognised to the consolidated statement of profit or loss.

13. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**23,322**	3,547
Other payables and accruals *(note (b))*	**2,864**	5,610
Accrued staff costs	**686**	552
Amount due to JAC (as defined in *note 15(b)) (note (c)*)	**–**	18,659
Amount due to a director *(note (d))*	**142**	130
	27,014	28,498

Notes:

(a) The average credit period granted by suppliers was 30 days (2022: 30 days).

Ageing analysis of trade payables, based on invoice dates, as at the end of reporting period is shown as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**22,788**	3,482
Over 3 months but within 1 year	**354**	24
Over 1 year	**180**	41
	23,322	3,547

(b) At 30 June 2023, other payables and accruals mainly comprise of accrued legal and professional fees of approximately RMB1,443,000 (2022: RMB2,152,000). The balances of other payables and accruals are expected to be settled within one year or are repayable on demand.

(c) At 30 June 2022, there was an amount due to JAC in respect of the advance to an indirectly wholly-owned subsidiary of the Company, Jinlong Construction of approximately RMB18,659,000, which was interest free and repayable on demand. The amount was settled by cash in full during the year ended 30 June 2023.

(d) The amount due to an executive director of the Company, Mr. Ng Ong Nee was unsecured, non-interest bearing and repayable on demand.

14. SHARE CAPITAL

	Number of ordinary shares	Share capital *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	**5,000,000,000**	**50,000**
Issued and fully paid:		
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	**2,499,637,884**	**24,996**
		RMB'000
Equivalent to		**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.

15. ACQUISITION OF SUBSIDIARIES

(a) For the year ended 30 June 2023

On 16 February 2023, an indirect wholly-owned subsidiary of the Company entered into an equity transfer agreement with the Vendors, independent third parties to the Group. Pursuant to the equity transfer agreement, the Group agreed to acquire 100% equity interest of Shaanxi Pinshang at a consideration of RMB4,500,000 by cash. In additions, the Vendors guaranteed to the Group that the profit before income tax of Shaanxi Pinshang for the period from the date of completion of the Acquisition to 31 December 2023 shall not be less than of RMB1,500,000 (the "**Profit Guarantee**"). In the event that the Profit Guarantee could not be met, Vendors shall compensate the Group on a dollar-for-dollar basis on the shortfall by cash (the "**Contingent Consideration Receivable**") within one month after the Group makes such request.

Shaanxi Pinshang is principally engaged in distribution and sales of agricultural products with its comprehensive sales network in Shaanxi Province. The directors of the Company considered the Acquisition would enable the Group to expand its existing sales channels, increase the sales volume of agricultural products and deepen market penetration across northern PRC. The Acquisition has been accounted for as acquisition of business using acquisition method.

The fair value of identifiable assets acquired and liabilities assumed of Shaanxi Pinshang as at the date of the Acquisition, 31 March 2023, are as follows:

	RMB'000
Trade and other receivables	**3,210**
Cash and cash equivalents	**12**
Trade and other payables	**(2,637)**
Tax payable	**(4)**
Net assets acquired	**581**
The fair value of consideration transferred:	
Cash consideration	**4,500**
Contingent Consideration Receivable, at fair value *(note 12)*	**(1,003)**
Total purchase consideration	**3,497**
Goodwill arising on the Acquisition	**2,916**
Net cash outflow arising on the Acquisition:	
Cash consideration paid	**(4,500)**
Cash and cash equivalents acquired	**12**
	(4,488)

The fair value of the trade and other receivables at the date of the Acquisition is similar to the carrying amount.

The goodwill of approximately RMB2,961,000, which is not deductible for tax purposes, comprises the acquired reputation, the expected future profitability and the benefits from diversifying the revenue stream of the Group.

Impact of the Acquisition on the results of the Group

The Acquisition contributed revenue and net profit of approximately RMB54,943,000 and RMB1,064,000 respectively for the period from 31 March 2023 to 30 June 2023. If the Acquisition had occurred on 1 July 2022, pro forma consolidated revenue and pro forma consolidated loss of the Group for the year ended 30 June 2023 would have been approximately RMB189,350,000 and RMB57,202,000, respectively.

The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition occurred on 1 July 2022, nor is it intended to be a projection of future results.

(b) For the year ended 30 June 2022

On 21 December 2021, the Group completed the acquisition of 100% equity interest of Jinlong Construction which is principally engaged in (i) mechanical and electrical equipment installation projects (excluding the installation and repair of power facilities); building renovation and decoration projects; (ii) sales, installation and on-site maintenance of metal and electric material products and mechanical equipment (excluding restricted items); and (iii) sales, installation and on-site maintenance of air conditioners; and air-conditioning engineering design. The acquisition has been accounted for as acquisition of business using acquisition method.

JAC was owned as to approximately 37.17% by Mr. Kung Chun Lung, approximately 27.08% by Ms. Lin Dan Na and approximately 23.25% by Transamerica Trading (HK) Co. (which in turn is owned by Mr. Kung Ting Yin and Mr. Kung Ting Keung). Mr. Kung Chun Lung is the father of Mr. Kung, a substantial shareholder of the Company, while Ms. Lin Dan Na, Mr. Kung Ting Yin and Mr. Kung Ting Keung are the relatives of Mr. Kung. As such, Jinlong Construction was a majority controlled company (as defined in the Listing Rules) of Mr. Kung Chun Lung, Ms. Lin Dan Na, Mr. Kung Ting Yin and Mr. Kung Ting Keung and is a connected person of the Company. The acquisition of which constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details were disclosed in the Company's announcements dated 29 June 2021 and 12 July 2021.

Bargain purchase gain amounting to approximately RMB158,000 on the acquisition of Jinlong Construction was recognised in consolidated statement of profit or loss under other income (note 5). The gain on bargain purchase was attributable to the increase in fair value of the net assets to be acquired and then acquired between the date of determination of the consideration and the date of completion of the acquisition.

Consideration transferred

	RMB'000
Cash consideration	2,500

The fair value of the identifiable assets and liabilities acquired, which were recognised at the date of acquisition, were as follows:

	RMB'000
Property, plant and equipment	3
Inventories	9
Trade and other receivables	6,915
Cash and cash equivalents	281
Trade and other payables	(4,550)
Net assets acquired	2,658

The fair value of the trade and other receivables at the date of the acquisition is similar to the carrying amount.

	RMB'000
Gain on bargain purchase:	
Consideration transferred	2,500
Less: Fair value of identifiable net assets acquired	(2,658)
Gain on bargain purchase *(note 5)*	(158)
Net cash outflow on acquisition:	
Cash consideration paid	(2,500)
Less: Cash and cash equivalents acquired	281
Net cash outflow on acquisition	(2,219)

Impact of acquisition on the results of the Group

The acquisition of Jinlong Construction contributed revenue of approximately RMB11,907,000 and net profit of approximately RMB738,000 for the period from 21 December 2021 to 30 June 2022. If the acquisition had occurred on 1 July 2021, pro forma consolidated revenue and pro forma consolidated loss of the Group for the year ended 30 June 2022 would have been approximately RMB254,812,000 and RMB19,783,000 respectively.

The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition occurred on 1 July 2022, nor is it intended to be a projection of future results.

16. EVENT AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere is these consolidated financial statements, the Group has below event after the reporting period:

The Company proposed to implement rights issue on the basis of one rights share for every two existing shares at a subscription price of HK$0.035 per rights share. The proposed rights issue has not yet completed as at the date of this announcement.

Details of the rights issue were set out in the Company's announcements dated 11 September 2023 and 25 September 2023.

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 2023.

CORPORATE GOVERNANCE PRACTICES

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

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

During the year ended 30 June 2023, the Company has complied with the Code Provisions of the CG Code, except for the following deviations:

Code Provision C.2.1

Mr. Ng Ong Nee, the Chief Executive Officer of the Company, was appointed as Chairman of the Board on 4 August 2015. Since then, the roles of the Chairman and Chief Executive Officer have been performed by 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 C.2.7

Code provision C.2.7 of the CG code provides that the Chairman should at least annually hold meetings with the INEDs without the presence of other directors. During the year ended 30 June 2023, no meeting was held between Mr. Ng Ong Nee, the Chairman, and the INEDs without the presence of other Directors due to business engagements. Since the INEDs have communicated and discussed with the Chairman directly from time to time to share their view on the Company's affairs, therefore, the Company considers that there were sufficient channels and communication for discussion of the Company's affairs between the Chairman and the INEDs.

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/she had fully complied with the required standard as set out in the Model Code throughout the year ended 30 June 2023.

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

Change in the composition of the Board and other position of Directors during the year and up to the date of this announcement is set out below:

Ms. Liu Jie was appointed as an INED of the Company 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.

Mr. Ng Hoi Yue resigned as the executive director and the deputy chief executive officer of the Company with effect from 30 June 2023.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2023 of the Group as set out in this announcement have been agreed by the Company's independent auditor, Moore CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2023. The work performed by Moore CPA 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 Moore CPA 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, Mr. Lai Zheng and Mr. Wang Tianshi; 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 2023.

The Audit Committee has reviewed with the management regarding the accounting principles and practices adopted by the Group and has also discussed auditing, 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 2023.

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 Stock Exchange (www.hkex.com.hk).

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

Hong Kong, 28 September 2023

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Ng Ong Nee (Chairman and Chief Executive Officer); one non-executive Director, namely Mr. James Francis Bittl; and four independent non-executive Directors, namely Mr. Liu Ruiqiang, Mr. Lai Zheng, Mr. Wang Tianshi and Ms. Liu Jie.

* *For identification purposes only*