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

(incorporated in Bermuda with limited liability)

(Stock Code: 73)

ANNUAL REPORT 2020/21

* For identification purposes only

CONTENTS

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

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

FINANCIAL POSITION

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

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**') of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present the latest development, progress and annual results of the Group for the year ended 30 June 2021 (the "**FY2020/21**") to the shareholders of the Company.

REVIEW

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

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

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

PROSPECTS

The COVID-19 epidemic is expected to continue globally in 2021-2022, and China's fruit planting and trading industry will continue to face operational difficulties. The best estimate is that the COVID-19 epidemic is expected to ease by the end of 2022. Additionally, the Chinese government has issued a series of measures to boost economic growth in order to increase income of Chinese residents. China's economy is projected to grow 8.1% in 2021 and 5.7% in 2022 according to the "World Economic Outlook Update" issued by International Monetary Fund in July 2021. Although the boosting measures of the Chinese government may not directly benefit the fruit planting and trading industry, the industry may still benefit from the overall recovering economy in the post-pandemic future.

Barring from the unprecedented impact on the Group's financial performance for the year ended 30 June 2021 caused by the COVID-19 and extreme weather, the Group is of the view that the Plantation Business will continue to perform steadily in accordance with its business plans, in particular, on the reform through the deploying procedures to improve its plantation technology and processes at the plantation such as cost control and productivity management, and through the diversified fruit projects by providing professional/technical advisory services to local farmers in exchange for certain management income. Despite the challenges arising from the COVID-19 epidemic, the Group continues to receive recurring orders from various customers and cooperate with its suppliers seamlessly for its Fruit Distribution Business and develop the Group's own brand "Royalstar 新雅奇".

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

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

APPRECIATION

On behalf of the Board, I would like to express our sincerest gratitude to our valued shareholders, customers and business partners for your persistent support and trust in the Company. I would also like to express our deepest thankfulness to our strong management team and staff for their enduring dedication to the Group during the past years. We look forward to creating a prosperous future of the Group from the financial year of 2021/22 onwards.

Ng Ong Nee
Chairman

30 September 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

2021-2022 will be a challenging period for the fruit planting and trading industry in the People's Republic of China (the "**PRC**" or "**China**").

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

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

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

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

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

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

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

The COVID-19 epidemic is expected to continue in 2021-2022, which means China's fruit planting and trading industry will continue to face operational difficulties. It is currently expected that by the second half of 2022, with the popularization of the vaccine and other factors, the global COVID-19 epidemic is expected to ease. As the challenges arising from the COVID-19 epidemic are unprecedented, the exact impact of the COVID-19 epidemic to the Chinese fruit planting and trading industry in 2022 cannot be predicted with certainty. The Group will remain cautiously optimistic that the overall business environment of the Chinese fruit planting and trading industry will improve after the easing of the COVID-19 epidemic.

BUSINESS REVIEW

During the year ended 30 June 2021, the principal business activities of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") include the Plantation Business and the Fruit Distribution Business (as defined below).

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

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

Despite the challenges arising from the COVID-19 epidemic during the year, the Group continued to procure additional new customers across different cities in the PRC in furtherance of its Fruit Distribution Business as well as to secure additional supply channels for enhancement of the variety of its fruits offered to customers. The recognition of the Company's own brand "Royalstar 新雅奇" and the strengthened relationships with the Group's suppliers and customers together attribute to the development in the scale of operation and market penetration of the Group's businesses.

Nevertheless, the impact caused by the COVID-19 epidemic has inevitably slowed down the business development of the Group, thus negatively affecting the business and financial performance of the Group during the year. Detailed discussion of the business and financial performance of the Group are set out in the section headed "Chairman's Statement" and the sub-section headed "Financial Review" in this section, "Management Discussion and Analysis".

FINANCIAL REVIEW

Revenue

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

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

	For the year ended 30 June		
	2021	2020	% change
	RMB'000	RMB'000	
Plantation Business	**26,174**	50,394	–48.1
Fruit Distribution Business	**169,444**	401,362	–57.8
Total	**195,618**	451,756	–56.7

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

For the year ended 30 June 2021, the Group recorded revenue of approximately RMB169.4 million (2020: RMB401.4 million) from the Fruit Distribution Business, which represented a decrease by approximately 57.8% as compared to last year. The decrease was mainly attributable to (i) the reduction in volume of fruit imported due to (a) restrictions imposed by the Chinese government on the import of certain kinds of fruit; and (b) the negative impact on logistics for transportation of durians from Malaysia under tightened lockdown COVID-19 measures; (ii) the negative impact on customers' confidence in the fruit market due to rumors associated with imported fruits carrying coronavirus; and (iii) a temporary decline in the demand for high-quality fruits from certain major customers of the Fruit Distribution Business as a result of cautious consumers' spending sentiment.

Other income

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

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

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

Staff costs

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

Distribution and other operating expenses

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

General and other administrative expenses

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

Income tax expense

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

Profit from operation and profit attributable to shareholders for the year

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

RISK FACTORS

Plantation Business

Climate changes and natural disasters

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

Contractual arrangement at Hepu Plantation

The Hepu Plantation, which comprises approximately 46,000 mu farmland located in Hepu county of Guangxi, is operated under a business cooperation agreement ending in 2050 (the "**Agreement**"). The Agreement was entered into between the Group and a cooperator (the "**Cooperator**") whereby the Cooperator would contribute farmland for use in the Plantation Business and the Group would be responsible for contributing those property, plant and equipment as well as providing and bearing the costs of fertilisers, pesticides, labour, technical support on cultivation and soil management. The Group will be entitled to 90% of the income generated from the Hepu Plantation accordingly.

The Cooperator currently leases certain farmland from owners paying annual rent at rates, subject to periodic review and revision, based on a reasonable standard agreed upon in 2000 when China's economy was experiencing a stage of development with low price index. As China's economy has been developing rapidly in the last decade, the owners of the farmland have been repeatedly requesting an increase in rent via different means. In order to maintain a stable cooperation environment, the Cooperator has been negotiating through co-ordination with local government department and may likely to raise the rent to a desirable level in the near future. The 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

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

(1) The COVID-19 epidemic has affected the normal operations of the fruit distribution industry in China. Although the epidemic is now under control in China and it appears minimal risk of a national outbreak, there are still some regional outbreaks in different parts of China. In response to the epidemic, local governments in China have adopted policies such as lockdown, which have affected normal business operations of the retail industry, including those of the fruit distribution industry.

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

(3) While the revenue of China's fruit distribution industry has reduced because of the COVID-19 epidemic, shop rents and labour costs (wages and social security costs) continue to rise in China, thus negatively affecting the profitability of the fruit distribution industry.

As the challenges arising from the COVID-19 epidemic are unprecedented, the exact impact of the COVID-19 epidemic to the Chinese fruit planting and trading industry in 2022 cannot be predicted with certainty. The Group will remain cautiously optimistic that the overall business environment of the Chinese fruit planting and trading industry will improve after the easing of the COVID-19 epidemic.

DIVIDEND

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

CAPITAL

As at 30 June 2021, the total number of issued shares of the Company (the "**Shares**") was 2,499,637,884 (2020: 1,249,637,884). Details of the movements in the Company's share capital are set out in Note 21 to the Consolidated Financial Statements.

LIQUIDITY AND FINANCE RESOURCES

Liquidity

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

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

Funding and treasury policy

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

Charge on assets

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

Capital commitments

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

FOREIGN EXCHANGE RISK

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

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

EMPLOYEES OF THE GROUP

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

As at 30 June 2021, the Group had 28 (2020: 36) permanent employees.

CONTINGENT LIABILITIES

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

OTHER SIGNIFICANT EVENTS

(1) Acquisition of Land and Properties in the PRC

On 19 January 2021, 深圳市冠佳利實業有限公司 (Shenzhen Guanjiali Industrial Limited*) ("**Shenzhen Guanjiali**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with 高錫武 (Mr. Gao Xiwu*), pursuant to which Mr. Gao Xiwu agreed to sell, and Shenzhen Guanjiali agreed to purchase, the entire interest in a building complex comprising four building blocks as plant, office premises, warehouse and staff quarters located at the junction of Dongcun Road and Xingqiao Road, Longgang District, Shenzhen, Guangdong Province, the PRC (中國廣東省深圳市龍崗區東村路與興橋路交界) (the "**Target Land and Properties**") at an aggregate consideration of RMB57 million (the "**Consideration**"), which shall be settled by cash to be financed by the net proceeds from the Placing (as defined below) (the "**Acquisition of Target Land and Properties**").

As at the date of this report, completion for the Acquisition of Target Land and Properties has not taken place and was pending upon the completion of the application for transferring the title registration of the Target Land and Properties with Shenzhen Real Estate Registration Centre.

For further details on the Acquisition of Target Land and Properties, please refer to the announcements of the Company dated 19 January 2021, 20 January 2021, the circular of the Company dated 16 March 2021 and the poll results announcement of the Company dated 8 April 2021.

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

(2) The placing of new shares under specific mandate

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

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

(3) Increase in Authorised Share Capital

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

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

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

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

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

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

* *For identification purposes only*

PROSPECTS

The COVID-19 epidemic is expected to continue globally in 2021-2022, and China's fruit planting and trading industry will continue to face operational difficulties. The best estimate is that the COVID-19 epidemic is expected to ease by the end of 2022. Additionally, the Chinese government has issued a series of measures to boost economic growth in order to increase income of Chinese residents. China's economy is projected to grow 8.1% in 2021 and 5.7% in 2022 according to the "World Economic Outlook Update" issued by International Monetary Fund in July 2021. Although the boosting measures of the Chinese government may not directly benefit the fruit planting and trading industry, the industry may still benefit from the overall recovering economy in the post-pandemic future.

Barring from the unprecedented impact on the Group's financial performance for the year ended 30 June 2021 caused by the COVID-19 and extreme weather, the Group is of the view that the Plantation Business will continue to perform steadily in accordance with its business plans, in particular, on the reform through the deploying procedures to improve its plantation technology and processes at the plantation such as cost control and productivity management, and through the diversified fruit projects by providing professional/technical advisory services to local farmers in exchange for certain management income. Despite the challenges arising from the COVID-19 epidemic, the Group continues to receive recurring orders from various customers and cooperate with its suppliers seamlessly for its Fruit Distribution Business and develop the Group's own brand "Royalstar 新雅奇".

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

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

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

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

Mr. Ng Ong Nee, aged 68, joined the board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**") on 3 March 2014 as an Executive Director and was appointed as the Chairman of the Board on 4 August 2015. He is also a director of several subsidiaries of the Company. He is responsible for the overall strategic planning and direction of the Group. He has over 30 years of commercial and managerial experience in a variety of businesses and industries, including, in particular, strategic management, biological business and capital markets. Before joining the Company, he worked as the chief executive officer for a number of companies with multi-national businesses and investments. He has been responsible for leading, developing and executing the overall strategy and the day-to-day operations. He has been an Executive Committee member of the Chinese Enterprises Investment Association since 2013 and he was the vice president of the Hong Kong Australia Investment Association from 2007 to 2012. He was also a president of the Shenzhen-Hong Kong Business Association from 2006 to 2009.

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

Mr. Ng Hoi Yue, aged 57, joined the Board on 15 March 2013 as an Independent Non-executive Director and was re-designated as an Executive Director on 4 August 2015. He is also a director of several subsidiaries of the Company. He is a fellow member of The Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in England. He has been practising as a certified public accountant in Hong Kong since 1989. He is currently an independent non-executive director of Imperial Pacific International Holdings Limited (stock code: 1076) and Ulferts International Limited (stock code: 1711), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEx**"). He was an independent non-executive director of Emperor Culture Group Limited (stock code: 491), the shares of which are listed on the Main Board of the HKEx, from 16 May 2002 to 13 November 2018.

NON-EXECUTIVE DIRECTORS

Mr. James Francis BITTL, aged 35, joined the Board on 16 June 2021 as a Non-executive Director. He is currently a candidate of the Executive MBA program at The University of Chicago Booth School of Business. He received his Master of Arts from New York University in January 2011 and his Bachelor of Arts from Bowdoin College in May 2008. Mr. Bittl has ample experience in corporate planning and management. He is currently the managing director of World Force Trading Limited, a company principally engaged in property investment and general trading.

Mr. HE Xiaohong, aged 46, joined the Board on 10 February 2017 as a Non-executive Director. He is the general manager of Shenzhen Yin Tong Lian Assets Appraisal Company Limited. He obtained a degree of Bachelor of Business Administration from Central South University in the People's Republic of China (the "**PRC**") in 2013. He is also an economist accredited by Ministry of Human Resources and Social Security of the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LIU Ruiqiang, *Chairman of the Audit Committee and the Remuneration Committee*

Mr. Liu Ruiqiang, aged 57, joined the Board on 10 June 2021 as an Independent Non-executive Director. He graduated from Sun Yat-sen University with major in economics administration in July 1985. He has over 30 years of experience in the field of tax, accounting, auditing and finance. Mr. Liu is currently a certified public accountant of the Chinese Institute of Certified Public Accountants, a senior member of Shenzhen Institute of Certified Public Accountants and a registered tax agent in the PRC. He is also a partner of Shenzhen Yidashanhe Certified Tax Agents Co., Ltd.* (深圳市義達山河稅務師事務所有限公司) and a partner and director of Shenzhen Yida Certified Public Accountants Co., Ltd.* (深圳市義達會計師事務所有限責任公司).

Dr. LUI Ming Wah, *PhD, SBS, JP, a member of the Audit Committee and the Remuneration Committee*

Dr. Lui Ming Wah, PhD, SBS, JP, aged 83, joined the Board on 2 June 2004 as an Independent Non-executive Director. He is an industrialist served as the chairman of the Hong Kong Electronic Industries Association, the president of Hong Kong Shandong Chamber of Commerce and the vice president of The Chinese Manufacturers Association of Hong Kong, respectively. He is a fellow of The Hong Kong Institute of Directors. He was a member of the Chinese People's Political Consultative Conference. He was elected as a member of the Legislative Council of Hong Kong in May 1998 for a term of two years. In the 2000 and 2004 Legislative Council elections, he was re-elected for a term of four years each. He is an adviser professor of Shandong University. He obtained his master of applied science and doctor of philosophy degrees from the University of New South Wales in Australia and the University of Saskatchewan in Canada, respectively. He was also a member of the Hong Kong Economic Development Commission Chaired by the Chief Executive of Hong Kong. He is currently the managing director of Keystone Electronics Co. Limited and an independent non-executive director of a number of other companies, the shares of which are listed on the Main Board of the HKEx, including AV Concept Holdings Limited (stock code: 595), Gold Peak Industries (Holdings) Limited (stock code: 40) and L.K. Technology Holdings Limited (stock code: 558).

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

Mr. Yang Zhen Han, aged 89, joined the Board on 2 June 2004 as an Independent Non-executive Director. He obtained a bachelor's degree in chemical engineering from Shanghai Jiao-Tong University in 1953. He is a machine-building specialist with over 30 years of experience. He was a director of the Foreign Economic Relations and Trade Commission of Shanghai Municipality, responsible for the international trade and foreign investment affairs of Shanghai from 1983 to 1985. In addition, He was a member of Guangzhou Chinese People's Political Consultative Conference from 2002 to 2007.

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Miss Ng Ling Ling, aged 49, joined the Company in December 2013 as the financial controller of the fruit processing business of the Company and was appointed as the Company Secretary and the Chief Financial Officer on 3 August 2015 and 12 November 2015, respectively. She is responsible for overseeing accounting and finance functions of the Group. She obtained a master's degree in Professional Accounting from the Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She has many years of experience in accounting, financial reporting and company secretarial matters in companies listed on the HKEx.

* *For identification purposes only*

DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of Asian Citrus Holdings Limited (the "**Company**") is pleased to present their report on the affairs of the Company, together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2021 (the "**Consolidated Financial Statements**") and the independent auditors' report thereon.

PRINCIPAL ACTIVITIES

The Company is an exempted company incorporated under the laws of Bermuda with limited liability on 4 June 2003. The principal activities of the Group are planting, cultivation, sale of agricultural produce and distribution of fruits, which are carried on by certain subsidiaries in the People's Republic of China (the "**PRC**").

BUSINESS REVIEW

A review of the Group's financial performance, business activities and development is included in the Chairman's Statement and the Management Discussion and Analysis on pages 5 to 13 of this annual report.

RESULTS

The profit attributable to shareholders of the Company for the year is set out in the Consolidated Statement of Profit or Loss on page 62 of this annual report.

DIVIDENDS

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 123 of this annual report.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the Consolidated Statement of Changes in Equity on pages 66 to 67 of this annual report and Note 21 to the Consolidated Financial Statements respectively. As at 30 June 2021, no reserves of the Company were available for distribution (2020: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in Note 15 to the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws of the Company (the "**Bye-Laws**"), or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

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

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 21(b) to the Consolidated Financial Statements.

DIRECTORS

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

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

Non-executive Directors
Mr. James Francis Bittl (appointed on 16 June 2021)
Mr. He Xiaohong

*Independent Non-executive Directors ("**INEDs**")*
Mr. Liu Ruiqiang (appointed on 10 June 2021)
Mr. Chung Koon Yan (resigned on 10 June 2021)
Dr. Lui Ming Wah, PhD, SBS, JP
Mr. Yang Zhen Han

Changes in the Composition of the Board and other position of Directors

With effect from 10 June 2021:

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

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

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

Rotation

In accordance with bye-law 87(2) of the Bye-Laws, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the first general meeting of shareholders after his appointment or until the next following annual general meeting (the "**AGM**") of the Company and be subject to re-election at such meeting. Accordingly, Mr. James Francis Bittl and Mr. Liu Ruiqiang will retire from office at the forthcoming AGM and being eligible, offer themselves for re-election.

In accordance with bye-laws 88(1) and 88(2) of the Bye-Laws, one-third of the Directors (other than those appointed pursuant to bye-law 87(2) of the Bye-Laws) shall retire from office by rotation and, being eligible, offer themselves for election. Accordingly, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zhen Han shall retire from office at the forthcoming AGM and being eligible, offer themselves for re-election.

Details of the Directors' service contracts and appointment letters are described in the "Corporate Governance Report" on page 29 of this annual report.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received from each of the INEDs an annual confirmation of his independence in writing pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HKEx**") and the Board considers each of them to be independent.

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

As at 30 June 2021, the interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "**SFO**")), which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the HKEx, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), are set out below:

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

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

Save as disclosed above, none of the Directors, the Chief Executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of SFO) as at 30 June 2021 as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the HKEx pursuant to the Model Code.

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

As at 30 June 2021, so far as is known to the Directors, the persons or companies (other than the Directors and the Chief Executive of the Company) who/which had an interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Division 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Capacity Nature of interest	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%
Changjiang Tyling *(Note 3)*	Beneficial owner/corporate	179,252,394	7.17%
Mr. Ng Ong Nee *(Note 3)*	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) Changjiang Tyling is 50% owned by Mr. Ng Ong Nee and 50% owned by a third party independent to the Company and its connected persons. Mr. Ng Ong Nee (who is also a director of Changjiang Tyling) is deemed to be interested in 179,252,394 shares held by Changjiang Tyling by virtue of the SFO.

(4) The Company had issued share capital of 2,499,637,884 shares on 30 June 2021.

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

SHARE OPTION SCHEME

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 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. There is no minimum period 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. 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 being unless approval from the shareholders of the Company in general meeting is obtained with such grantee and his/her/its associates abstaining from voting. Options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates in exceed of 0.1% of the total number of shares in issue and have an aggregate value in excess of HK$5 million must be approved by the shareholder 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.

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 HKEx'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 HKEx's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2020 Share Option Scheme and any other scheme must not exceed 30% of the total number of issued shares from time to time.

No share option was granted, cancelled or exercised or lapsed pursuant to the 2020 Share Option Scheme during the year ended 30 June 2021 and none of the Directors or Chief Executive of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations within the meaning of the SFO.

As at 30 June 2021, 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this annual report, at no time during the year was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and Chief Executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation (with the meaning of Part XV of the SFO).

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-Laws, subject to the provisions of the statutes, every Director shall be entitled to be indemnified by the Company against all costs, charges losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto. The Directors and Officers Liability Insurance (the "**D&O Insurance**") undertaken by the Company provides such indemnities to all the directors of the Company and its subsidiaries. The relevant provisions in the Bye-Laws and the D&O Insurance were in force during the year ended 30 June 2021 and as of the date of this annual report.

RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in Notes 3(j)(i) and 10(a) to the Consolidated Financial Statements.

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 intends 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 30 June 2021, approximately HK$4.9 million of the Net Proceeds had been utilised for the Group's working capital for daily operations and approximately HK$89.8 million remained unutilised. There has been no change in the intended use of Net Proceeds as previously disclosed, and the Group expects to fully utilise the residual amount of the Net Proceeds in accordance with such purposes within 1 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 Net Proceeds**
		HK$'000 (approximately) *(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%)	– (0.0%)	68,400 (72.2%)
(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%)	4,859 (5.1%)	10,441 (11.1%)
	Total	94,700 (100.0%)	4,859 (5.1%)	89,841 (94.9%)

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the issued shares in the Company were held by the public (i.e. the prescribed public float applicable to the Company under Rule 8.08 of the Listing Rules) during the year and up to the date of this annual report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

There was no contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisting at the end of the year or at any time during the year, and in which the Directors had direct or indirect material interest, nor was there any other contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 30 June 2021, none of the Directors were interested in any business which competed or was likely to compete directly or indirectly with the businesses of the Group.

CONNECTED TRANSACTIONS

During the year ended 30 June 2021, the Group had no connected transactions which are required to be disclosed in accordance with the Listing Rules (2020: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 58.6% of the Group's total sales for the year and sales to the Group's largest customer amounted to approximately 15.9%.

Purchases from the Group's five largest suppliers accounted for approximately 40.8% of the Group's total purchases for the year and purchases from the Group's largest supplier amounted to approximately 10.9%.

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMMUNICATIONS WITH SHAREHOLDERS

The Board attaches great importance to maintaining good relationships with its shareholders. Extensive information about the Company's activities is included in the annual and interim reports, which will be sent to all shareholders. Inside information is released to all shareholders and the market concurrently in accordance with the Listing Rules. The annual general meeting will provide an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. All announcements will be posted to the corporate website (www.asian-citrus.com) where information on the Company is regularly updated.

The executives of the Company meet with institutional investors, fund managers and analysts, as part of an active investor-relations program to discuss long-term issues and receive feedback.

CORPORATE GOVERNANCE

A report on the Company's corporate governance practices is set out on pages 24 to 31 of this annual report.

EMOLUMENT POLICY

As at 30 June 2021, the Group had 28 (30 June 2020: 36) permanent employees.

The Company has set up a remuneration committee and its functions and duties are, amongst other matters, to review and approve the overall remuneration policy of the Group as well as the remuneration packages for Executive Directors and senior management of the Company.

The remuneration policy and package of the Group's employees are structured by reference to market terms in all localities in which the Group operates, for the purpose of recruiting and retaining suitable talents. The Group also provides other employee benefits such as, discretionary bonuses, mandatory provident fund contributions and a share option scheme to the employees.

Details of the Directors' emoluments and individuals with highest emoluments are set out in Notes 12 and 13 to the Consolidated Financial Statements and in the Corporate Governance Report on page 29 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period are provided in Note 31 to the Consolidated Financial Statements.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

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

INDEPENDENT AUDITORS

The Consolidated Financial Statements were audited by HLB Hodgson Impey Cheng Limited which will retire at the forthcoming AGM. A resolution will be proposed at such meeting to re-appoint HLB Hodgson Impey Cheng Limited as independent auditors of the Company and authorise the Board to fix its remuneration.

By order of the Board

Ng Ong Nee
Executive Director

30 September 2021

Ng Hoi Yue
Executive Director

30 September 2021

CORPORATE GOVERNANCE REPORT

The information set out on pages 24 to 31 of this annual report and the information incorporated by reference constitute the Corporate Governance Report of Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**").

CORPORATE GOVERNANCE PRACTICES

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

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

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

Code Provision A.2.1

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

Code Provision A.5.1

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

Code Provision A.6.7

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

Code Provision E.1.2

The Chairman of the Board should attend the AGM of the Company. Although the Chairman of the Company was unable to attend the AGM of the Company in 2020 due to other business engagements, he had nominated the Deputy Chief Executive Officer as his alternate to attend and chair the AGM and to provide response in respect of any information required by the shareholders of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in its securities. Following a specific enquiry made to all Directors by the Company, each of them has confirmed that he had fully complied with the required standard as set out in the Model Code throughout the year ended 30 June 2021.

BOARD OF DIRECTORS

The Board meets regularly and the Directors receive information between meetings about the activities of the Group. All Directors have full and timely access to all relevant information of the Group. In addition to the meetings of the Board, the senior management also communicates frequently to review and discuss the daily operation of the Group.

Board Composition

The Board has in its composition a balance of skills and experience necessary for independent decision making and fulfilling its business needs.

As at 30 June 2021, the Board comprised seven members, including two Executive Directors, two Non-executive Directors and three INEDs, as follows:

Executive Directors
Mr. Ng Ong Nee *(Chairman and Chief Executive Director)*
Mr. Ng Hoi Yue *(Deputy Chief Executive Director)*

Non-executive Directors
Mr. James Francis Bittl
Mr. He Xiaohong

Independent Non-executive Directors
Mr. Liu Ruiqiang
Dr. Lui Ming Wah, PhD, SBS, JP
Mr. Yang Zhen Han

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

Responsibilities of the Board

The Board formulates the long term strategies of the Group and is responsible for leading the Group in the areas of management, research and innovation as well as financial performance. There is a clear division of responsibilities between the Board and management. Decisions delegated by the Board to the management include implementation of the policy and direction determined by the Board, monitoring the business operation, preparation of financial statements, corporate governance and compliance with applicable laws and regulations.

The Bye-laws of the Company (the "**Bye-Laws**") set out the responsibilities and proceedings of the Board. Significant operational policies have to be discussed and approved by the Board. To enable the Directors to meet their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

Nomination Policy

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

Board Diversity Policy

The Board has adopted a board diversity policy as the Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the legitimate interests of the Company's principal shareholders. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Board Meetings

The Board is scheduled to meet at least four times a year at approximately quarterly intervals with notice given to the Board members at least fourteen days in advance. For additional Board meetings which require discussion and resolution of significant issues arising during the operation of the Company, notice is given at a reasonable time in advance.

Before each Board meeting, a draft agenda is sent out to all Directors at least three days or such other period as agreed in advance in order to allow the Directors to include any other matters in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to make informed decisions, Board papers together with all appropriate and relevant information in relation to the matters of the meeting are sent to all Directors three days or such other period as agreed before each Board meeting.

The Company Secretary is responsible for keeping the minutes of all Board meetings. Draft minutes are normally circulated to the Directors for comments within a reasonable time after each meeting and the final version is open for the Directors' inspection. Minutes of meetings of the Board and the Board committees record in detail the matters considered and the decisions reached, including any concerns raised by the Directors or dissenting views expressed. According to the Listing Rules, any Directors and their respective close associates (as defined in the Listing Rules) who have a conflict of interest or with a material interest in the transactions to be discussed at the physical Board meetings will abstain from voting on resolutions approving such transactions and will not be counted in the quorum of meetings.

Save as disclosed elsewhere in this annual report, none of the Directors has any relationship including financial, business, family or other material relationship with each other.

All Directors have access to the advice and services of the Company's legal advisors and the Company Secretary who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

Attendance of Meetings

During the year ended 30 June 2021, the Board convened a total of 13 Board meetings, 6 Audit Committee meetings and 4 Remuneration Committee meetings. Besides, Directors also attended the 2020 AGM and a special general meeting to understand the views of the shareholders.

Name of Directors	Board Meeting	Board Committee Meetings: Audit Committee Meeting	Board Committee Meetings: Remuneration Committee Meeting	Annual General Meeting	Special General Meeting
	(Number of Times of Attendance/Total Number of Meetings)				
Executive Directors:					
Mr. Ng Ong Nee *(Chairman and Chief Executive Officer)*	13/13	N/A	4/4	0/1	0/1
Mr. Ng Hoi Yue *(Deputy Executive Officer)*	13/13	N/A	N/A	1/1	1/1
Non-executive Directors:					
Mr. James Francis Bittl#1	2/13	N/A	N/A	0/1	0/1
Mr. He Xiaohong	12/13	N/A	N/A	0/1	0/1
Independent Non-Executive Directors:					
Mr. Chung Koon Yan#2	9/13	6/6	3/4	1/1	1/1
Mr. Liu Ruiqiang#3	3/13	0/6	1/4	0/1	0/1
Dr. Lui Ming Wah, PhD, SBS, JP	12/13	6/6	4/4	1/1	0/1
Mr. Yang Zhen Han	11/13	6/6	N/A	0/1	0/1

Remark #1: Mr. James Francis Bittl was appointed as a Non-executive Director on 16 June 2021.

#2: Mr. Chung Koon Yan resigned as an Independent Non-executive Director, the chairman of the Audit Committee and the Remuneration Committee on 10 June 2021.

#3: Mr. Liu Ruiqiang was appointed as an Independent Non-executive Director, the chairman of the Audit Committee and the Remuneration Committee on 10 June 2021.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 30 June 2021, Mr. Ng Ong Nee was the Chairman and the Chief Executive Officer of the Company. Mr. Ng Hoi Yue was the Deputy Chief Executive Officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, there are three INEDs representing more than one-third of the Board. Among the INEDs, at least one has appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has received from each of its INEDs a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmations, considers Mr. Liu Ruiqiang, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zhen Han are independent.

Each Director has entered into service agreement or letter of appointment with the Company for a term of three years. Under the Bye-Laws of the Company, any director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting after his appointment and be subject to re-election at such meeting by the shareholders. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Apart from this, one-third of the directors, including the non-executive directors, for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) are subject to retirement by rotation and re-election at each AGM in accordance with the Bye-Laws and prescribed by the Listing Rules provided that every Director shall be subject to retirement by rotation once every three years.

BOARD COMMITTEES

The Board was responsible for performing the corporate governance functions of the Company. The Board has established two committees, namely the Audit Committee and the Remuneration Committee, with specific responsibilities as set out in their respective terms of reference.

Audit Committee

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

As at 30 June 2021, the members of the Audit Committee comprised Mr. Liu Ruiqiang, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zhen Han; Mr. Liu Ruiqiang was the chairman of this committee. During the year, the Audit Committee has duly discharged its responsibility.

Remuneration Committee

The Remuneration Committee has adopted the approach under Code Provision B.1.2(c)(i) of the CG Code to determine and review the scale and structure of the Executive Directors' remuneration and terms of their service agreements. It also determines the entitlements of the Directors and the employees of the Group under the share option schemes of the Company.

The Group's remuneration policy provides competitive rewards for its Executive Directors and senior executives. The policy takes into account the Group's performance, the individual performance and the prevailing remuneration packages of the markets in which the Group operates. The Remuneration Committee aims to attract, retain and motivate high-caliber individuals with competitive remuneration packages. The remuneration package provides a balance between fixed and variable rewards. Therefore, remuneration packages for Directors and senior executives normally include basic salary, discretionary bonuses, benefits and share options. Salaries and benefits are reviewed annually and are set to reflect the responsibilities, knowledge, skill and experience of the individual.

As at 30 June 2021, the members of the Remuneration Committee comprised Mr. Ng Ong Nee, Mr. Liu Ruiqiang and Dr. Lui Ming Wah, PhD, SBS, JP; Mr. Liu Ruiqiang was the chairman of this committee. During the year, the Remuneration Committee has duly discharged the responsibility mentioned above.

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure a proper understanding of the Company's operations and business and full awareness of the Director's responsibilities under the statues and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

During the year under review, all Directors were encouraged to attend seminars and provided with written materials to develop and refresh their professional skills and the latest development of applicable laws, rules and regulations for the directors to assist them in discharging their duties as well as commentary on the Group's business, operations and financial matters.

All Directors have confirmed that they have fulfilled the continuous professional development requirement during the year ended 30 June 2021 and have provided records of training received during the year ended 30 June 2021 to the Company.

SERVICE CONTRACTS

All the service contracts entered with the Directors of the Company have fixed term. None of the Directors has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Pursuant to Code Provision B.1.5 of the CG Code, the annual remuneration for the year ended 30 June 2021 of the members of the senior management (other than the Directors of the Company) whose particulars are contained in the section headed "Directors and Senior Management Profile" in this annual report by band is set out as below:

Remuneration band	Number of individuals
Less than RMB1 million	1

SHARE OPTION SCHEME

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

INDEPENDENT AUDITORS' REMUNERATION

For the year ended 30 June 2021, the remuneration in respect of audit services and non-audit services provided by the independent auditors of the Company, HLB Hodgson Impey Cheng Limited, amounted to approximately RMB1,324,000 and RMBnil respectively.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 30 June 2021, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors must keep proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Group and the Company. The Directors must ensure that the financial statements comply with applicable laws and follow the International Financial Reporting Standards.

The auditors' statement about its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report set out in pages 57 to 61 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board believes that maintaining adequate internal control and risk management systems are vital to the Group so that the Group's business decision and operation can be implemented effectively to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. The Board takes overall responsibility for ensuing the establishment of appropriate and effective internal control and risk management systems of the Group.

In view of the size of the corporate structure of the Company and the nature of operations of the Group, the Board believes that it is cost effective to appoint external professional to carry out the internal audit function for the Group. The Group engaged an independent professional accounting firm to perform the internal audit function of the Group. Such independent professional accounting firm would prepare and submit an internal audit report to the Audit Committee bi-annually.

An annual internal control review was carried out by an independent professional accounting firm engaged by the Company covering the assessment of the financial and non-financial risks. It reviewed the policies, procedures and controls in place for the listed holding company and a major subsidiary, in the following areas: (i) control environment; (ii) risk management; (iii) compliance of corporate governance code; (iv) revenue cycle; (v) purchase and expenses cycles; (vi) treasury operations; (vii) inventory control; and (viii) cash management. The reviewer interviewed the key personnel involved in the daily operations. The reviewer also assessed the design, adequacy and execution of control to determine the operating effectiveness and identified the weaknesses of the existing control system and then communicated with the management of the Company in respect of the findings and recommendations by submitting an internal control report (the "**Internal Control Report**"). Thereafter, the management of the Company considered the adoption and implementation of suitable procedures to enhance the internal control and risk management systems.

Based on the Internal Control Report, the Audit Committee had conducted annual review on the effectiveness of the Group's internal control and risk management systems for the year ended 30 June 2021 and considered the internal control and risk management systems were effective and adequate.

Furthermore, the Board has formulated internal procedures and controls for handling and dissemination of inside information to ensure that the Company's information is disclosed to the public on a true, accurate and timely basis. The Group ensures the inside information is kept strictly confidential before it is fully disclosed to the public.

COMPANY SECRETARY

The Company Secretary of the Company is responsible for facilitating the Board, as well as communications among the Board members, with shareholders and management. Miss Ng Ling Ling was the Company Secretary during the year ended 30 June 2021. Miss Ng has fulfilled professional training requirement for the year ended 30 June 2021.

DIVIDEND POLICY

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

SHAREHOLDERS' RIGHTS

According to the Bye-Laws, shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times has/have the right, by written requisition sent to the Board or Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than 100 shareholders, can submit a written request to the Company Secretary of the Company stating the resolution intended to be moved at the general meeting or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

As regards proposing a person for election as a director, the procedures are available on the websites of the Company.

The above procedures are subject to the Bye-Laws, the Bermuda Companies Act 1981 and applicable legislation and regulation (as amended from time to time). Shareholders who have enquiries about the above procedures or have enquiries to be put to the Board or have proposals to be put forward at general meetings may write to the Company Secretary of the Company at the principal place of business in Hong Kong at 1/F., Ching Cheong Industrial Building, 1-7 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

CONSTITUTIONAL DOCUMENTS

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

OVERVIEW

(I) Purpose and Reporting Period

This is the fifth Environmental, Social and Governance Report ("**ESG Report**") by Asian Citrus Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), reviewing and disclosing Environmental, social and governance ("**ESG**") issues, its performances and challenges in accordance with the requirements of the Appendix 27 – Environmental, Social and Governance Reporting Guide of the Listing Rules ("**ESG Reporting Guide**") and with reference to the GRI Sustainability Reporting Guidelines issued by the Global Reporting Initiative to define the report content, for the period from 1 July 2020 to 30 June 2021 (the "**Reporting Period**" or "**2020/21**"), and in many material areas being compared with the last reporting period from 1 July 2019 to 30 June 2020 (the "**Last Reporting Period**" or "**2019/20**"). The ESG Report will be used for internal assessment, management control, and communicating to the internal and external stakeholders.

(II) Scope of Report

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

(III) Basis of Preparation

This report was compiled in accordance with the ESG Reporting Guide. The content of this report includes two main subject areas as outlined and required by the ESG Reporting Guide, being Area A – Environmental and Area B – Social, and includes disclosure of climate change related issues which have or may have impact on our Group.

This ESG Report, which was reviewed and approved by the board of directors of the Company (the "**Board**"), both reviews and reports the core business operations and activities of the Group and follows the principles of materiality, quantitative, balance and consistency to disclose relevant statistics and information.

(IV) Corporate Mission and Vision and ESG Objectives

The Group continues its primary mission to grow and sell quality, fresh and safe citrus fruit primarily oranges at an affordable price to consumers. Furthermore, our vision maintains to be one of the main and reputable citrus fruit growers in the PRC to grow high quality, fresh and safe citrus fruit, primarily oranges, and to operate the business in a socially responsible manner. Regarding ESG objectives, the Group continues its practices and aims to provide reasonable returns on investments for the shareholders, business partners and investors, to achieve sustainable development through eco-friendly-cooperative plantation operation for the society and environment, and to maintain a healthy and safe working environment for the employees.

(V) ESG Strategies and Management

The Group continues to attach significant considerations in the ESG areas and aspects listed in the ESG Reporting Guide when formulating and implementing its corporate goals and business objectives. The Group is committed to conducting its business in a transparent, equitable, legal and socially responsible manner. Moreover, it continues to care about the impact of its daily operation on the environment, local residents and communities, and to make efforts to meet and maximize the interests of all stakeholders, economy, environment, society and corporate governance on a fine and fair balance.

Throughout the Reporting Period, the Group maintained the same ESG management structure and process as the Last Reporting Period. The Board, headed by the chairman, is responsible for the formulation and approval of the Group's development, business strategies, policies, annual budget and business plans of the Plantation Business and Fruit Distribution Business. On day-to-day management, the regional and departmental managers implement the overall strategies and initiatives adopted by the Board on operations, financial, environmental and social issues and obligations. The Group's chairman and the Chief Executive Officer ("**CEO**") and/or other management (the "**Management Team**") will examine and address all the environmental and social issues spelt out in the Aspects and Subject Areas in the ESG Reporting Guide. The Management Team is responsible for the following duties in relation to ESG issues:

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

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

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

For the purpose of the ESG Report, only activities and operations which are considered material and significant to the environment and our activities are included. Overall, the Group takes on an active role in ensuring sustainable and environmentally friendly operating processes are in place. This is achieved by taking all practicable and possible measures to comply with all the relevant national laws, operating practices and standards.

(VI) Stakeholders Communications and Materiality

In managing the priorities, the Group continues to ensure its corporate, plantation operation and fruit distribution operation are in compliance with its environmental and social responsibilities and obligations as required by the ESG Reporting Guide and the laws and related regulations of Hong Kong Special Administrative Region ("**Hong Kong**") and the PRC, and the specific guides of the organic fruit growing industry. The Group also continues to take into account of the opinions and views of its stakeholders including shareholders, investors, employees, customers, suppliers, service providers, professional advisors, Non-Governmental Organization ("**NGO**") partners and industry associations, and strives to address their concerns. The Group continues to assign a board member and duty managers to constantly communicate with its stakeholders under the following established channels in order to gain insights on ESG material aspects in the Reporting Period.

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

After collecting the views and opinions, the Management Team will carry out materiality assessments internally with the related managers and externally with related stakeholders through various means of communication, such as liaison groups, panel discussions, workshops, on-site visits, company websites, emails and direct enquiry phones, etc. For 2020/21, the Group and the stakeholders have identified the following material areas and aspects:

Subject Areas	Subject Aspects	Materiality
Environmental	A1. Air Emissions, Polluted Water and Water Discharge	✓
	A2. Use of Resources	✓
	A3. Environment and Natural Resources	✓
	A4. Climate Change	✓
Social	B1. Employment	✓
	B2. Health and Safety	✓
	B3. Development and Training	✓
	B4. Labour Standards	✓
Operating Practices	B5. Supply Chain Management	✓
	B6. Product Responsibility	✓
	B7. Anti Corruption	
Community	B8. Community Investment	✓

The ESG issues and performances, especially on the above material areas, aspects and related the KPIs during the Reporting Period, continued to be monitored and managed through the Group's approved management structure and process. The Group allocated adequate resources to implement the approved strategies, policies and measures to guarantee fulfilment of its environmental and social obligations and responsibilities especially on the above material areas and aspects during the Reporting Period, which are summarized below.

MATERIAL AREAS AND ASPECTS AND THEIR PERFORMANCE

(A) ENVIRONMENTAL AREAS AND ASPECTS

1.1 Environmental Areas Overview and Policies

As an environmentally responsible corporation, the Group's main environmental target has always been aiming at building a "Green Environment" and has continued to implement policies and has taken measures to achieve a balance between undertaking business, maximize returns to our shareholders, ensuring our operations and activities minimise any adverse impact on the environment including being energy, water and resource usage efficient whilst also reducing costs where possible.

Our "Environmental Protection and Sustainability Policy and Procedures" are summarized below:

Purpose

To establish and maintain policies and procedures to identify, evaluate and determine the significance of environmental aspects and impacts by and on the company and ensuring compliance with all relevant national and local environmental laws and regulations including but not limited to:

- Environmental Protection Law of the PRC (中華人民共和國環境保護法);
- Law of the PRC on Environmental Impact Assessment (中華人民共和國環境影響評價法);
- Water Pollution and Control Law of the PRC (中華人民共和國水污染防治法);
- Atmospheric Pollution and Control Law of the PRC (中華人民共和國大氣污染防治法);
- Law of the PRC on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法);
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法); and
- Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例).

Procedure

(i) The Board and the Management Team shall identify and evaluate the environmental aspects for all work activities that are most likely to give rise to significant environmental impacts.

(ii) The Board and the Management Team shall brainstorm internally and externally with other related parties and classify all the relevant work activities under normal, unusual and emergency situation as follows:

- Normal is defined as a routine activity or work that is carried out daily and is part of a process;
- Unusual refers to non-routine work that occurs under unexpected circumstances; and
- Emergency refers to an occurrence of an event that will cause a drastic impact or severity to the environment and immediate action must be taken. For example: major leakage and spillage, fire, etc.

(iii) When identifying the environmental aspects, all activities that are likely to cause environmental impact or improve general sustainability are considered, including but not limited to the following:

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

(iv) At least once every year, the Board and the Management Team shall review the environmental aspects, which will be regularly update based on new laws and regulations, organisational work activities and processes, and updated knowledge obtained through incidents/accidents, organisational or other requirements.

(v) For each environmental aspect, the Management Team shall identify and assess the environmental impacts, and the following shall be considered:

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

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

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

1.2 Environmental Aspects

A1. Air Emissions, Polluted Water and Waste Discharge Aspect

During the Reporting Period, same as the Last Reporting Period, the types of emissions, wastes and discharge from the Group's operations and activities in the plantation office and field in Hepu, Guangxi, the sales and marketing office in Shenzhen and the head office in Hong Kong, were mainly air pollutants including nitrogen oxides ("**NO_x**"), sulfur oxides ("**SO_x**") and particulate matters ("**PM**") as well as greenhouse gases ("**GHG**") such as carbon dioxide ("**CO_2**") and its non-hazardous equivalents including nitrous oxide and methane (collectively with CO_2, "**CO_2e**") emissions directly generated from fuel usage and indirectly generated from electricity consumption, and non-hazardous packaging wastes such as used papers and packaging materials, office residuals, general rubbish and hygiene wastes.

(i) Direct and Indirect Hazardous and Non-hazardous Air Emissions

Owing to no substantial change in the Group's operations and activities, the types of air pollutants and air emissions for the Reporting Period were the same as the Last Reporting Period. During the Reporting Period, the Group's air pollutants and air emissions were directly generated from combustion of petrol. The GHG mainly refers to the non-hazardous gas of CO_2e, which is an indirect emission of electricity consumption.

While in the plantation fields, apart from CO_2e emissions, direct GHG emissions from the mobile combustion sources namely our tractors, weed-mowing machines and generators for water pumping, and resulting in the hazardous air pollutants of NO_x, SO_x and PM emissions.

The table below recorded and compared the Reporting Period and the Last Reporting Period's resultant air pollutant emissions and direct and indirect air emissions from the usage of petrol during the business process of plantation and the use of electricity by the offices in Hong Kong and Shenzhen and the Hepu Plantation.

Direct and Indirect Emissions Record

		Year ended 30 June		
		2021	2020	
Items of emissions	Unit	Quantities	Quantities	% Change
1. SO_x direct emission	Kilograms	**0.71**	1.30	–45.4
2. NO_x direct emission	Kilograms	**971.29**	2,114.88	–54.1
3. PM direct emission	Kilograms	**45.04**	209.65	–78.5
4. CO_2e direct emission	Tonnes	**130.28**	213.78	–39.1
CO_2e indirect emission				
– the PRC	Tonnes	**138.13**	164.96	–16.3
– Hong Kong	Tonnes	**69.13**	37.36	+85.0

During the hard time of economic downturn, the sales volume and the production outputs have reduced. The fuel usage has therefore decreased by 40.6%. On the other hand, despite that the electricity consumption of the PRC operations has slightly increased by approximately 3.8%, the indirect CO_2e emissions from electricity consumption in the Hepu Plantation and the Shenzhen office have decreased approximately 16.3% due to the decrease of emission factors. As for the indirect CO_2e emissions in Hong Kong, it was increased significantly by 85.0% owing to the increase of about 125.0% in electricity consumption. It was the result of the increase of employees' overtime working hours in the Hong Kong office because the Group has increasingly focused on marketing and distribution activities with the aim of sales boost. Additionally, the temperature in Hong Kong has risen leading to the increase use of air-conditioners and so the increase of electricity consumption.

For the Reporting Period, hazardous waste intensity was approximately 17.48 kilograms per employee.

As aforementioned, in order to save costs and minimize emissions of air pollutants and CO_2e, the Group already implemented measures to train, guide and supervise the employees to use energy and fuel smartly, and to invest in energy and fuel saving technology especially in the Hepu Plantation such as to reduce the use of air-conditioning by building high ceiling and double-layered brick wall offices, and the installation of solar power. In the coming year, the Group targets to reduce air pollutants and CO_2e emissions within 1% – 3% in the Hepu Plantation and zero growth in the Hong Kong headquarters and Shenzhen office on the basis of similar operating conditions.

GHG removals from planted trees

As the primary activity of the Group's plantation operation is to grow fruit trees, which established for CO_2 removal through the process of photosynthesis. There were a net number of approximately 341,000 existing planted trees since the relevant buildings were constructed. The trees could potentially absorb 784,300 kilograms of CO_2 in the planted community outside the organisational boundaries during the Reporting Period. The GHG removals from the planted trees by the Group have net off the total actual air emissions including air pollutants and direct and indirect GHG emissions.

(ii) Polluted Water Discharge

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

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

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

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

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

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

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

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

(iv) Noise and Light Emissions

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

(v) Mitigation Measures

As a responsible corporation, we are conscious of the effects our operations and activities may have on the environment and constantly work on maximizing energy efficiency and minimizing emissions, wastes generation, disposal and discharges. We fully comply with all applicable environmental laws, rules and regulations and industrial standards in the markets we operate in.

In order to save costs and to minimize environmental impacts from air emissions generated from electricity and fuel consumption, the Group took active measures to reduce energy consumption, including electricity, diesel and gasoline. All employees were constantly reminded to smartly use electricity, diesel and fuel. Supervising officers were assigned the duty of inspecting offices and plantation fields to turn off unused equipment and water taps when not in use, and to ensure the proper use of equipment.

Furthermore, we target to reduce our electricity consumption, and have introduced measures to achieve it. For example, we have instructed our staff and workers to turn off electricity when our factory and office equipment are not in use, to use natural ventilation to replace air-conditioning in allowable conditions, and not to set all air-conditioners' temperature setting to lower than 25°C under normal conditions.

During the Reporting Period, the Group did not have any violation related to hazardous or non-hazardous air emissions and wastes disposal, polluted water discharges. We are determined to take all necessary measures to achieve the same results for the coming years.

A2. Use of Resources Aspect

As aforementioned, the core business operation of the Group – planting, cultivation and sale of agricultural produce, mainly oranges, and distribution of fruits remains unchanged for the Reporting Period. Energy consumption of electricity and fuel and fresh water consumption are the major use of resources. The Group advocates our determination in promoting and achieving efficient use of energy and water. We did not see any significant impact or material significance to the environment.

(i) Energy (electricity and fuel)

Electricity is for offices and general equipment usage; while petrol is used mostly for the equipment such as tractors, weed-mowing machine, water-pump generators, cargo vans, etc. The usage of electricity and petrol for the growing of fruit trees and administrative purposes for its plantation and the offices in Hong Kong and Shenzhen are summarized in the table below:

		Year ended 30 June		
Item	Unit	**2021**	2020	% Change
Electricity (Farm)	kWh	**169,900**	163,960	+3.6
Electricity (Offices)	kWh	**108,223**	48,783	+121.8
Fuel (Farm)	Litres	**48,132**	80,999	-40.6

During the Reporting Period, the electricity consumption in the Hepu Plantation was similar to the Last Reporting Period while the consumption of the offices in Hong Kong and Shenzhen have increased by 121.8% due to the significant rise in marketing and promotion activities and employees' workload especially in the office in Hong Kong during COVID-19. To avoid unnecessary consumption of electricity, the employees have been trained to turn off all electrical appliances, air-conditioners, and lights in a timely manner and after work and advocate the use of natural ventilation.

On fuel consumption in the Hepu Plantation, the Group has changed the transportation fuel to use petrol instead of diesel during the Reporting Period which was the direct result of more efficiently use of the machines under close supervision. The Group will continue to assign responsible officers to supervise and guide employees to smartly and effectively use electricity, its equipment and vehicles.

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

(ii) Water

		Year ended 30 June		
Item	Unit	**2021**	2020	% Change
Plantation Business	Cubic meters	**41,182**	35,670	+15
Offices	Cubic meters	**231**	154	+50

Watering fruit trees and cleaning oranges are continued to be the Group's main use of water. The offices continued to use an insignificant amount of fresh water, supplied from the offices waterway system for staff general daily hygiene needs. Due to overtime working of staff in the offices, there was increase in their general hygiene needs. As such, the water consumption was approximately 50% higher than the Last Reporting Period. The Group has continuously reminded its employees to save water and use water smartly and responsibly.

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

(iii) Packaging Materials and Papers

For the Reporting Period, packaging materials and papers were mainly used for packaging fruits for sales, office filing and document printing. To support a green environment, the Group used mostly recycled carton boxes and papers. Although the Group's activities and operations do not consume significant amounts of papers and packaging materials, to save operational costs and to improve its environmentally friendly footprint, the Group has continued to implement following measures, requested the employees to cooperate and reduce paper and packaging materials consumption:

- Applying computer technology such as storage of documents in electronic version, communications via emails and messages to replace paper consumption;
- Reusing stationery such as envelopes, document folders, etc.; and
- Using both sides and recycled papers for printing.

(iv) Fertilisers and Pesticides

The Group uses both natural, organic and chemical fertilisers to nurture the fruit trees and pesticides to protect the fruit trees. During the Reporting Period, the Group consumed a total of 674,932 kilograms of fertilisers, of which 261,020 kilograms was organic and 413,912 kilograms was inorganic fertilisers. The total amount of fertilisers used was approximately 66.7% less than the Last Reporting Period. For pesticides, 101,128 kilograms were used for the Reporting Period, which was approximately 19.4% more than the Last Reporting Period. In any event, it is the continuous policy and strategy of the Group to use natural and organic fertilisers as much as possible, which will safeguard the soil texture for the future.

A3. Environment and Natural Resources Aspect

As reviewed above and reported in last few years of ESG reporting, the Group's core operations and activities mainly uses electricity, petrol, water, papers and land, which will have impacts on the environment if they are not properly managed. The Group has therefore exercised due care on setting up its management structure and process, rules and regulations to ensure that natural resources are correctly, and efficiently used without wastage and destruction. As a result, the Group only generated an acceptable and reasonable amount of direct and indirect greenhouse gas emissions and non-hazardous waste discharges. For water, apart from natural rainfall, which is one of the main source of supply, the Group has the approval to drill its own wells to source ground-water, and at the same time has built surface reservoirs and ponds to conserve and store surface running water to supplement its water supplies. For land and soil, as its plantation fields are located in a tropical belt, heavy rainfall will erode and leach the topsoil if not properly conserved. The Group plants its fruit trees scientifically and carefully to ensure proper conservation of the top-soil and the unused hillside slopes. As a respect and tribute to the natural environment, the Group has committed to cultivating and maintaining the field's landscape.

In short, the Group has taken a total responsible approach to implement policies and measures on energy and raw materials consumption, to handle air emissions, polluted water and waste discharges, and to ensure water supplies and usage, and proper use of the land. The Group has not been subjected to any warnings, fines or violation notices, and has been in compliance with applicable environmental protection laws and regulations in all material aspects since the first ESG reporting.

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

A4. Climate Change Aspect

In consideration of the Group's operations and activities, and the current global environmental conditions, and after collecting the views and opinions of the stakeholders, the Board identified and resolved that (i) global warming caused by direct and indirect CO_2e emissions, (ii) conservation of fresh water and (iii) preservation of soil are the most important climatic issues that the Group has impacted the physical environment. These climatic issues not only affect the operation costs of the Group but also the climatic and physical environmental conditions.

(i) Energy

Global warming is directly and indirectly the result of uses of fossil fuels for electricity and transportation. During the Reporting Period, the Group's operations and activities directly and indirectly generated CO_2e emissions through the use of electricity and petrol, though the amount was not substantial. We have implemented policies and measures, explained above, trying to reduce electricity and petrol consumption for the primary purpose to reduce CO_2e emissions. Fortunately, the main activity of the Group is to grow fruit trees, which through the natural process of photosynthesis to absolve CO_2 and produce oxygen, contributing positively to address global warming.

(ii) Fresh water

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

(iii) Soil

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

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

(B) SOCIAL AREAS AND ASPECTS

2.1 Social Areas Overview

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

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

2.2 Employment and Labour Practices Areas and Aspects

The Group always believes that its business development and growth rely heavily on the commitment, passion and skills of its employees who are its most valuable asset. It has committed to strictly complying with all the relevant laws, rules and regulations on employment arrangements in the Labour Laws of the PRC《中華人民共和國勞動法》and Employment Ordinance ("**EO**") (Chapter 57 of the Laws of Hong Kong) of Hong Kong, and providing a safe and healthy working environment, offering equal opportunities to all employees on recruitment, promotion, compensation and benefits. It has strengthened its human resources management with employees oriented policies to encourage motivation and innovation, and to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship with its employees.

B1. Employment Aspect

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

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

- The regional human resources manager reports to the regional head and has been assigned with the responsibility to implement the Group's human resources strategies and policies, and has been charged with the responsibility and duty to ensure all the statutory obligations of the Group have been fulfilled and complied with in a legitimate manner;

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

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

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

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

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

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

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

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

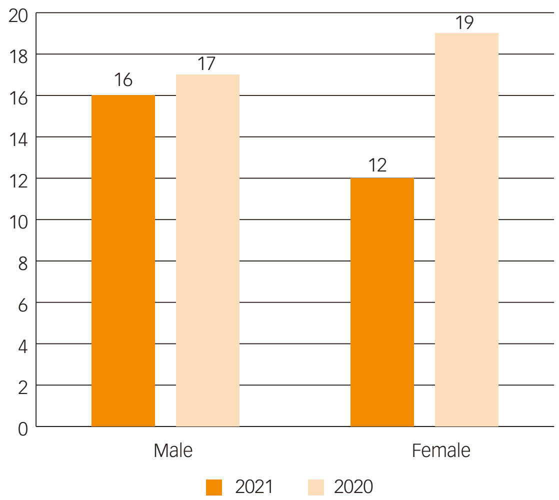

Figure 1: Number of Employees by Gender

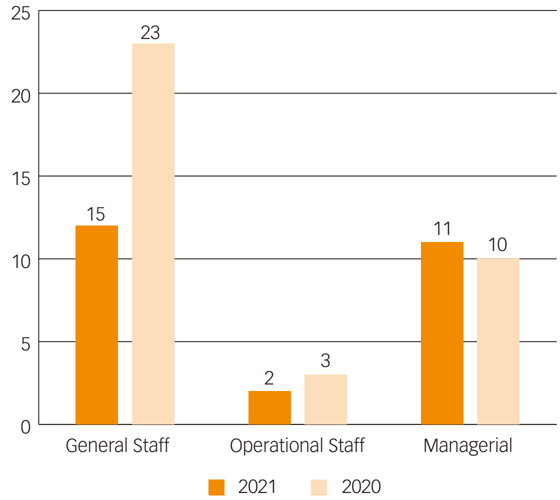

Figure 2: Number of Employees by Employment Type

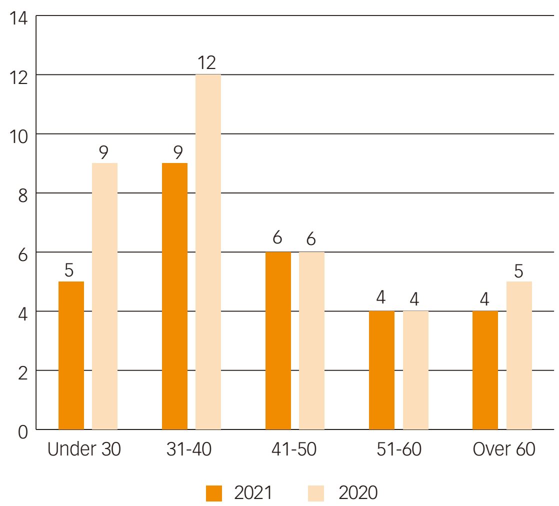

Figure 3: Number of Employees by Age

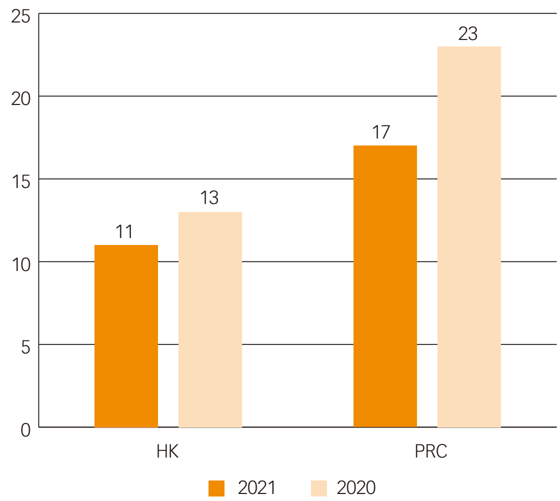

Figure 4: Number of Employees by Geographical Region

As for the employee turnover rate, an analysis of the Group's employee turnover rate breakdown for the Reporting Period is summarized in below:

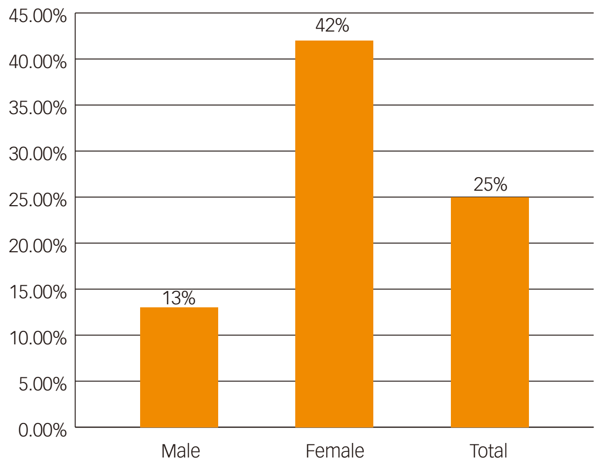

Figure 5: Employment Turnover Rate by Gender

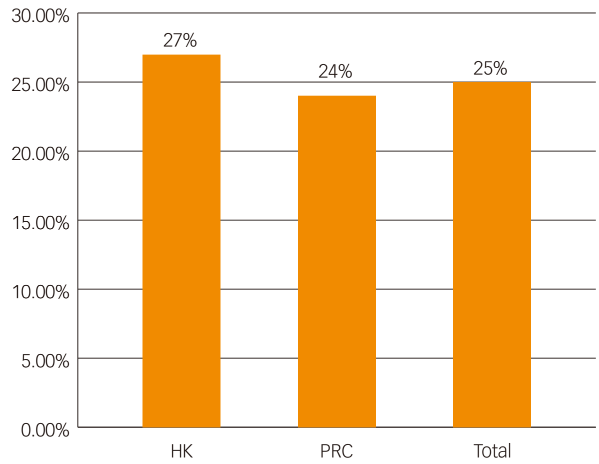

Figure 6: Employment Turnover Rate by Geographic Region

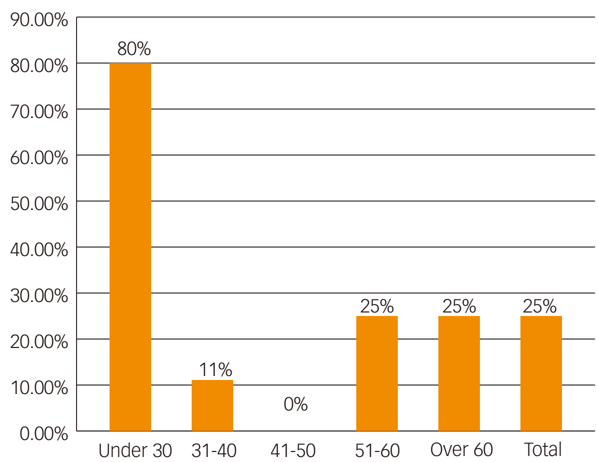

Figure 7: Employment Turnover Rate by Age

B2. Health and Safety Aspect

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

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

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

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

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

- Assigns safety officers to regularly inspect and to alert employees to take precautionary measures to ensure that the workplace is safe, and provides regular training to employees to perform their jobs safely; and

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

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

B3. Development and Training Aspect

The Group values its employees as the most valuable assets and always supports enhancing their value by providing them with development and training programs in terms of skills and job knowledge, plant operations and production know-hows at various levels, so that they are able to perform their required job duties in a competent and capable manner without risk to their health and safety or damage to plants and operations.

Policies are in place for on-the-job training to ensure that knowledge and skills are rightly provided in a timely manner to meet production and staff needs. Employees are encouraged to engage in self-development by taking external training programs and seminars which are sponsored by the Group in part or whole. Broadly speaking, the Group has continuously offered 3 types of trainings:

(i) Internal induction training – it is provided to new recruits to enhance their understanding of the Group's history, organization structure, work environment, regulations, responsibilities and duties, working skills, safety operation, career development plan, etc. For example: Fundamental Ethnic Standard, Career Planning, etc.

(ii) On-the-job and specific training – it is provided to regular employees with an aim to improve their career development and skills for performing their required job duties in a more competent and capable manner and without risking their health and safety. For example: Oranges Nutrition Elements, Career Planning, Sales of Agricultural Products, etc.

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

During the Reporting Period, the Group provided a total of 42 and 59 hours of internal and external training to 12 and 6 employees respectively; which were one employee in total and 147 hours of external training programs less than the Last Reporting Period.

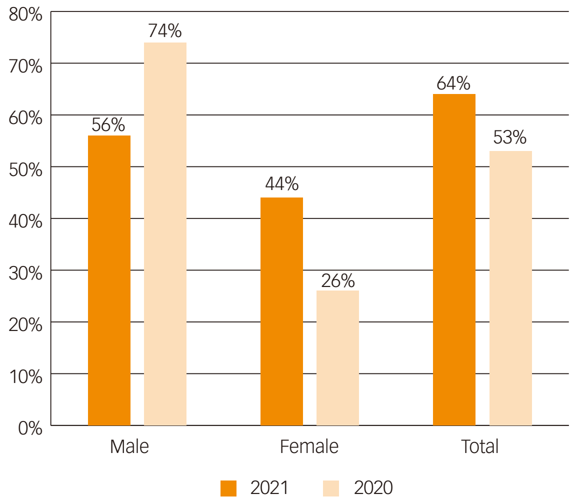

Figure 8: Percentage of Employees Trained by Gender

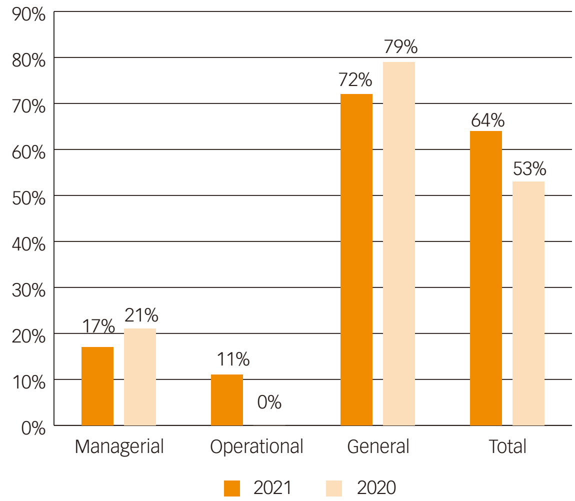

Figure 9: Percentage of Employees Trained by Employee Category

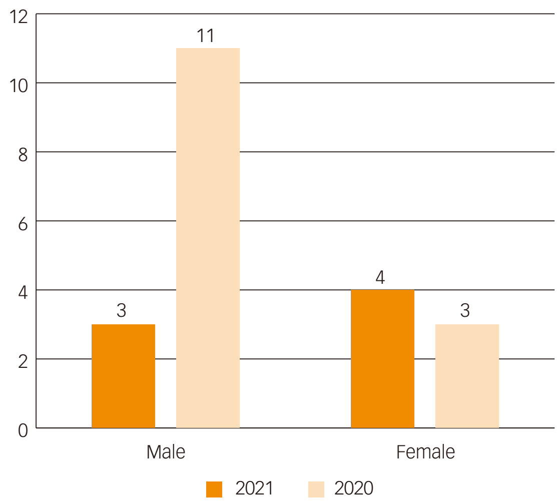

Figure 10: Average Training Hours Completed per Employees by Gender

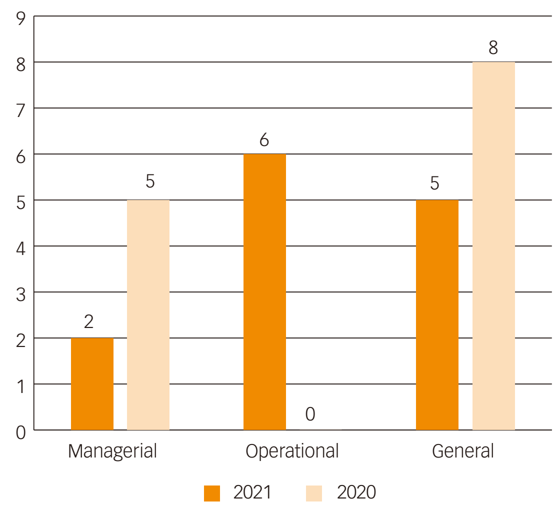

Figure 11: Average Training Hours Completed per Employees by Employee Category

B4. Labour Standards Aspect

During the Reporting Period, the Group continued with its cornerstone policy of strict compliance with the Labour Laws of the PRC《中華人民共和國勞動法》and the EO, and adopting their respective standards on employment and labour protection and welfare. The Group adhered to the laws of the PRC and Hong Kong as well as the local market practices on recruitment, dismissal, promotion, leave, holidays, benefits as well as equal employment opportunities to all sexes, genders, ages, races and religions. The Group acted strongly against child, illegal and forced labour. As a legal formality and for better management, the Group has maintained and in safe custody on confidential basis the private file of the employees including personal background information and credentials, copies of identify card and passport, academic qualifications and certificates, references, and performance assessment by seniors.

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

2.3 Operation Practices Areas and Aspects

B5. Supply Chain Management Aspect

Supply chain management in the ESG Reporting Guide mainly refers to management of sourcing and procurement. The Group's main purchases include fertilisers, pesticides, fuels, packaging materials, office routine supplies, utensils and spare parts.

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

All purchase transactions are subject to the scrutiny of internal hierarchy supervisions at different levels depending on its contract value and significance and to the overall scrutiny of external independent audit checks.

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

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

During the Reporting Period, the Plantation Business and the Fruit Distribution Business had a total of 62 suppliers (141 suppliers for 2019/20), out of which 56 were local and 6 were overseas suppliers. The Group's supplier selection criteria basically included cost, quality and on-time delivery. The Group continued to support local suppliers to ensure flexibility of supplies and to boost the local economy. Owing to proper management, the Group did not experience any interruption of supplies or failure to secure sufficient quantities of supplies on time that had any material adverse impact on our business.

B6. Products Responsibility Aspect

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

(i) Products Quality

Quality of the oranges are the most important factor for any sales. The Group continued to implement total quality control standards in its operation processes. During the Reporting Period, the Group has valid "Quality Management System Certificate", its orange was awarded the "Silver Medal of the Super Quality Agricultural Product of the Guangxi Autonomous Region" and "Export Approval Certificate". All these awards have endorsed and confirmed the quality of the Group's citrus fruits.

In the Reporting Period, same as the Last Reporting Period, the Group did not have any sales return. Hence, the Group is proud that there has been no material complaint or claim on its products quality and its products have not been subject to any investigation by government authorities on quality or safety as well. For the coming year, the Group has the confidence to maintain the same good track record with its sound management control.

(ii) Handling of Sales Complaints

As previously reported, the Group has clear procedures to handle customers' complaints on the quality of its products. Whenever a customer complaint is received, the responsible sale-person will immediately report to the senior and to conduct investigation into the incident and find out the reasons why the quality of its products has been downgraded. For most of its sales, the customers will physically inspect, confirm and accept the quality of the products before order placement and delivery. There should not be any quality variation or complaints. However, for some sales orders, the Group, on behalf of the customers, selects and delivers the products directly to the customers' warehouses, which may have unforeseen accidents causing a change to the quality of our products during transit. Under these situations, the Group will review the situation based on site investigations and evidences, and will negotiate with the customers normally by giving a discount to settle the sales. These types of cases were not many and had been amicably settled.

During the Reporting Period, same as the Last Reporting Period, the Group did not receive any complaints from customers that had any material adverse impact on its products, business and results of operation. The Group, again is confident to achieve the same results for the coming year.

(iii) Privacy

The Group's main business and operation has generated a substantial volume of private, confidential and sensitive information of customers, suppliers, business partners including the operation status and financial positions, commercial terms of contracts, general background information, etc. These types of information are extremely sensitive and important, and by law, must be safeguarded and protected. The Group fully understands its obligation, and has taken measures to ensure strictest protection of the information against unauthorized access, use and disclosure through a variety of security technologies and procedures. The Group has incorporated a confidentiality clause into the labour contract, under which all employees are obligated to follow.

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

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

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

For the Reporting Period and the Last Reporting Period no infringement complaints on IPR against the Group was received.

B7. Anti-Corruption Aspect

The Group is well aware of the importance of honesty, integrity and fairness in its business operations and has continued in place an anti-corruption policy which involves comprehensive internal control system comprising corruption reporting and investigation procedures. An Independent Non-executive Director will be charged with the responsibility to initiate investigation upon receiving any corruption reports. Moreover, employees at all levels have been constantly reminded and advised in meetings and documents, such as the staff handbooks, on anti-corruption, conflict of interest and giving and taking of interests. With the implementation of clear policies and well-structured processes on purchases, sales, operation and finance, and the adoption of a high code of standard, the Group reported no bribery nor corruption cases during the Reporting Period, same as the Last Reporting Period.

2.4 Community Area and Aspect

B8. Community Investment Aspect

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

(a) Local Residents – (i) the Group donated RMB10,000 to sponsor poor households in Shuangwen Village, Shagang Town to renovate kitchens in July 2020; (ii) the Group donated RMB25,000 to sponsor underprivileged local families in Gaopo Village, Shankou Town to renovate their kitchens in March 2021;

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

(c) Society – the Group has continued to work with the educational institutions on agricultural researches and provide its plantation farms as education centres such as "Guangxi Agricultural Sciences Testing Centre", "Guangxi Agriculture Vocational College Training Centre", "Hua Zhong Agricultural University Practice Centre" and "Hong Kong Young Patriot Agriculture Training Centre";

(d) Community – the Group's plantation farm has continued to help to boost the local economy through training up the locals on fruit growing so that they can grow and develop their own fruits farms, and to co-operate with the local farmers to jointly grow other kinds of fruits such as bananas on co-operative land; and

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

INDEPENDENT AUDITORS' REPORT

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

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

TO THE SHAREHOLDERS OF ASIAN CITRUS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Asian Citrus Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") set out on pages 62 to 122, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Allowance for expected credit losses on trade and other receivables	
Refer to notes 5 and 19 to the consolidated financial statements. As at 30 June 2021, the Group had trade and other receivables of approximately RMB4,166,000 and RMB24,170,000 respectively. The provision of allowance for expected credit losses of approximately RMB71,000 and RMB4,273,000 respectively. Management performed periodic assessment on the recoverability of the trade and other receivables and the sufficiency of provision for allowance for expected credit losses based on information including credit profile of different customers or debtors, ageing of the trade and other receivables to historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers or debtors. Management also considered forward-looking information that may impact the customers' or debtors ability to repay the outstanding balances in order to estimate the expected credit losses for the allowance for expected credit losses assessment. We focused on this area due to the allowance for expected credit losses assessment of trade and other receivables under expected credit losses model involved the use of significant management judgements and estimates.	Our procedures in relation to management's impairment assessment on trade and other receivables included but not limited to: • Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk; • Checking, on a sample basis, the ageing profile of the trade receivables to the underlying financial records and post year-end settlements to bank receipts; • Inquiring of management for the status of each of the material trade and other receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers or debtors, understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers or debtors; and • Assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses. We found that the management judgment and estimates used to assess the recoverability of the trade and other receivables and determine the allowance for expected credit losses on trade and other receivables were to be supportable by available evidence.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 30 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2021

	Note	2021 RMB'000	2020 RMB'000
Revenue	7	195,618	451,756
Other income	8	9,389	7,580
Cost of inventories used		(179,840)	(409,332)
Realised gain arising from changes in fair value of biological assets less costs to sell	17	15,331	31,552
Depreciation of property, plant and equipment and right-of-use assets		(9,012)	(9,863)
Staff costs		(9,102)	(12,730)
Finance costs	9	(23)	(71)
Distribution and other operating expenses		(921)	(4,081)
General and other administrative expenses		(14,121)	(21,733)
Profit before tax	10	7,319	33,078
Income tax expense	11	(3,327)	(8,306)
Profit for the year attributable to owners of the Company		3,992	24,772
		RMB	RMB
Earnings per share	14		
– Basic and diluted		0.003	0.020

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 RMB'000	2020 RMB'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	**67,886**	75,821
Right-of-use assets	16	**–**	1,174
Prepayment for property, plant and equipment	19	**5,000**	–
		72,886	76,995
Current Assets			
Biological assets	17	**520**	550
Inventories	18	**994**	1,478
Trade and other receivables	19	**24,049**	48,571
Cash and cash equivalents	20	**167,876**	31,496
		193,439	82,095
Total Assets		**266,325**	159,090
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	21	**22,831**	12,340
Reserves		**191,697**	117,392
Total Equity		**214,528**	129,732

	Note	2021 RMB'000	2020 RMB'000
LIABILITIES			
Current Liabilities			
Trade and other payables	22	**11,535**	24,818
Contract liabilities	23	**39,411**	–
Lease liabilities	24	**–**	1,197
Income tax payables		**851**	3,343
		51,797	29,358
Total Equity and Liabilities		**266,325**	159,090

The consolidated financial statements on pages 62 to 122 were approved and authorised for issue by the board of directors on 30 September 2021 and are signed on its behalf by:

Ng Ong Nee
Director

Ng Hoi Yue
Director

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2021

	Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000 *Note (a)*	Statutory reserve RMB'000 *Note (b)*	Exchange reserve RMB'000 *Note (c)*	Accumulated losses RMB'000	Total RMB'000
As at 1 July 2020	12,340	3,711,195	1,000	(2,247)	(3,592,556)	129,732
Profit for the year	–	–	–	–	3,992	3,992
Other comprehensive loss	–	–	–	(603)	–	(603)
Total comprehensive (loss)/income for the year	–	–	–	(603)	3,992	3,389
Appropriations	–	–	709	–	(709)	–
Placing of shares *(Note 21)*	10,491	70,916	–	–	–	81,407
	10,491	70,916	709	(603)	3,283	84,796
As at 30 June 2021	22,831	3,782,111	1,709	(2,850)	(3,589,273)	214,528

	Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 *Note (a)*	Exchange reserve RMB'000 *Note (b)*	Accumulated losses RMB'000	Total RMB'000
As at 1 July 2019	12,340	3,711,195	–	(1,811)	(3,616,328)	105,396
Profit for the year	–	–	–	–	24,772	24,772
Other comprehensive loss	–	–	–	(436)	–	(436)
Total comprehensive (loss)/income for the year	–	–	–	(436)	24,772	24,336
Appropriations	–	–	1,000	–	(1,000)	–
	–	–	1,000	(436)	23,772	24,336
As at 30 June 2020	12,340	3,711,195	1,000	(2,247)	(3,592,556)	129,732

Notes:

(a) The statutory reserve represents the appropriation of 10% of profit after tax (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 each of the Company's PRC subsidiaries. The appropriation may cease to apply if the balance of the statutory reserve has reached 50% of that PRC subsidiary's registered capital.

(b) The exchange reserve comprises all foreign exchange differences on translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policy set out in note 3(n).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Profit before tax		**7,319**	33,078
Adjustments for:			
Interest income	8	**(86)**	(36)
Finance costs	9	**23**	71
Depreciation of property, plant and equipment	15	**7,947**	8,687
Depreciation of right-of-use assets	16	**1,065**	1,176
Written-down of biological assets	17	**–**	81
Written-down of inventories	18	**3**	1,094
Gain on disposal of property, plant and equipment	8	**(236)**	(25)
(Reversal of)/provision for impairment losses recognised in respect of trade and other receivables, net	10	**(105)**	4,111
Realised gain arising from changes in fair value of biological assets less costs to sell	17	**(15,331)**	(31,552)
Operating cash flows before movements in working capital		**599**	16,685
Decrease in biological assets		**15,361**	36,359
Decrease/(increase) in inventories		**481**	(1,345)
Decrease/(increase) in trade and other receivables		**24,580**	(40,346)
(Decrease)/increase in trade and other payables		**(12,334)**	10,268
Increase in contract liabilities		**39,411**	–
Cash generated from operating activities		**68,098**	21,621
Income tax paid			
PRC tax		**(5,814)**	(4,963)
Net cash generated from operating activities		**62,284**	16,658

	Note	2021 RMB'000	2020 RMB'000
Investing activities			
Purchase of property, plant and equipment		**(47)**	(1,989)
Proceeds from disposal of property, plant and equipment		**236**	25
Prepayment for property, plant and equipment		**(5,000)**	–
Interest received		**86**	36
Net cash used in investing activities		**(4,725)**	(1,928)
Financing activities			
Proceeds from issue of shares, net of issuing expenses		**81,407**	–
Repayment of principal portion of lease liabilities		**(1,091)**	(1,151)
Payment of interest on lease liabilities		**(23)**	(71)
Net cash generated from/(used in) financing activities		**80,293**	(1,222)
Net increase in cash and cash equivalents		**137,852**	13,508
Cash and cash equivalents at beginning of the year		**31,496**	18,262
Effect of foreign exchange rate changes		**(1,472)**	(274)
Cash and cash equivalents at end of the year	20	**167,876**	31,496

1. GENERAL INFORMATION

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

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are set out in the note 28 to the consolidated financial statements.

The Company's functional currency is Hong Kong dollar ("**HKD**"). 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 Company and its subsidiaries (the "**Group**") are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in the nearest thousand of RMB ("**RMB'000**"), unless otherwise stated.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

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

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

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(continued)*

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

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

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 16	COVID-19-Related Rent Concession beyond 30 June 2021[5]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020[2]
Amendments to IAS 1 and IFRS Practice Statements 2	Disclosure of Accounting[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective for annual periods beginning on or after 1 April 2021.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures in accordance with the Rules Governing the Listing of Securities on the HKEx (the "**Listing Rules**") and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis, except for biological assets, which are measured at fair values, as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included with Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use the power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Buildings	3.33%
Leasehold improvements	3.33% to 33.33%
Furniture, plant and machinery	5% to 33.33%
Motor vehicles	10% to 33.33%
Farmland infrastructure and machinery	5% to 33.33%
Bearer plants	10 years to 17 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Construction-in-progress

Construction-in-progress represents farmland infrastructure and land improvements under construction, property, plant and equipment under construction and equipment pending installation, and is stated at cost less subsequent impairment losses, if any. The cost of construction work is transferred to the appropriate category of property, plant and equipment upon completion of the construction. Depreciation commences when the relevant assets are available for use.

(d) Impairment of tangible assets

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Inventories

Inventories, including agricultural produce, are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted for on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Leases *(continued)*

The Group as a lessee *(continued)*

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets include:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) ***Leases*** *(continued)*

The Group as a lessee *(continued)*

Lease liabilities

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

The lease payments include:

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

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Leases *(continued)*

The Group as a lessee *(continued)*

Lease modifications

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

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

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

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

(h) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments (continued)

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

Amortised cost and interest income

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

Impairment of financial assets

The Group performs impairment assessment under expected credit losses (the "**ECL**") model on financial assets which are subject to impairment assessment under IFRS 9 (including trade and other receivables (excluding prepayments) and cash at bank). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments (continued)

Derecognition of financial assets

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

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

(i) Financial liabilities and equity instruments

Classification as debts or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Employee benefits

Short-term employee benefits and contributions to defined contributions retirement plans

Salaries, wages, annual bonuses, paid annual leave and contributions to defined contributions retirement plans are accrued in the year in which the associated services are rendered by employees of the Group.

The Group operates a mandatory provident fund scheme in Hong Kong for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. This scheme is a defined contribution retirement scheme administered by independent trustee. In addition, the subsidiaries in the PRC are required to participate in the defined contribution retirement schemes operated by the relevant government authorities for employees in the PRC and make contributions to the retirement schemes at certain rates of the basic salary of its employees in the PRC. Contributions to all these schemes are charged to profit or loss when incurred.

(k) Taxation

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Taxation (continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Revenue from contracts with customers *(continued)*

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

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

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

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

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

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

Principal versus agent consideration

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Translation of foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in Hong Kong dollars to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

(o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Biological assets

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

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

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

A gain or loss arising on initial recognition of biological assets at fair value less costs to sell and from a change in fair value less costs to sell is recognised in profit or loss for the period in which it arises.

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

(q) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint venture of a third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

(r) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the consolidated financial statements provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Segment reporting (continued)

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(s) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The followings are the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

Fair values of biological assets

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

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

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

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

Estimated impairment of financial assets at amortised cost

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

5. FINANCIAL INSTRUMENTS

(a) *Categories of financial instruments*

	2021 RMB'000	2020 RMB'000
Financial assets		
Financial assets at amortised cost	**187,169**	79,754
Financial liabilities		
Financial liabilities at amortised cost	**(11,535)**	(26,015)

(b) *Financial risk management objectives and policies*

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

The risks associated with these financial instruments include market risks (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign currency risk

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

5. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(i) Foreign currency risk (continued)

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. Management manages its currency risk by closely monitoring the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

Exposure to foreign currency risk

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

	Assets		**Liabilities**	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
HKD	**76,848**	5,343	**6,667**	11,977

Sensitivity analysis

The following table indicates the approximate change in the Group's results after tax (and accumulated losses) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

5. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(i) Foreign currency risk (continued)

Sensitivity analysis *(continued)*

	2021 Increase/ (decrease) in foreign exchange rates	2021 Increase/ (decrease) in profit after tax and decrease/ (increase) in accumulated losses RMB'000	2021 Effect on other components of equity RMB'000	2020 Increase/ (decrease) in foreign exchange rates	2020 Increase/ decrease) in profit after tax and decrease/ (increase) in accumulated losses RMB'000	2020 Effect on other components of equity RMB'000
HKD	10%	6,990	–	10%	(822)	–
	(10%)	(6,990)	–	(10%)	822	–

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities exposure to currency risk for the financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' result after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purpose. The analysis is performed on the same basis for 2020.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from short term bank deposits. The Group's interest income is dependent on changes in market interest rates. However, a reasonably possible change of 50 basis points in interest rates would have no significant impact on the Group's profit or loss for the year and thus no sensitivity analysis is presented.

5. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables (excluding prepayments) and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

In order to minimise the credit risk on trade receivables, the Group has policies in place to ensure that sales are made to customers with appropriate credit history or in cash. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on trade balances from its trade customers based on provision matrix.

The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2021, 75.2% (2020: 28.7%) and 100% (2020: 91.8%) of the total trade receivables were due from the Group's largest debtor and the five largest debtors respectively. Those debtors are engaged in fruit distribution business in the PRC.

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

As at 30 June 2021, the balance of loss allowance in respect of the trade receivables was approximately RMB71,000 (2020: RMB343,000) based on expected loss rates of up to 1.70% (2020: 2.71%) applied on different groupings.

Deposits paid and other receivables

The Group performs impairment assessment under ECL model on deposits paid and other receivables. Deposits paid and other receivables have been grouped based on the days past due and other credit risk characteristics. As at 30 June 2021, the Group has assessed deposits paid and other receivables with gross amount of approximately RMB604,000 (2020: RMB29,516,000) within 12m-ECL based on average expected loss rate of 0.17% (2020: 2.81%) and a loss allowance of approximately RMB1,000 (2020: RMB830,000) was recognised. The remaining gross amount of approximately RMB18,867,000 (2020: RMB10,563,000) was assessed individually within lifetime ECL. Loss allowance of approximately RMB4,272,000 (2020: RMB3,276,000 was recognised based on expected loss rate of 22.64% (2020: 31.01%).

5. FINANCIAL INSTRUMENTS *(continued)*

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

Cash and cash equivalents

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowances was recognised.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and development and to mitigate the effect of fluctuations in cash flows.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash outflows and the earliest date the Group can be required to pay:

2021	**Carrying amount RMB'000**	**Total contractual undiscounted cash outflow RMB'000**	**Within 1 year or on demand RMB'000**	**After 1 year but within 2 years RMB'000**	**After 2 years but within 5 years RMB'000**
Trade and other payables	**(11,535)**	**(11,535)**	**(11,535)**	**–**	**–**

2020	Carrying amount RMB'000	Total contractual undiscounted cash outflow RMB'000	Within 1 year or on demand RMB'000	After 1 year but within 2 years RMB'000	After 2 years but within 5 years RMB'000
Trade and other payables	(24,818)	(24,818)	(24,818)	–	–
Lease liabilities	(1,197)	(1,222)	(1,222)	–	–
Total	(26,015)	(26,040)	(26,040)	–	–

6. SEGMENT INFORMATION

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

Plantation Business – Planting, cultivation and sale of agricultural produce

Fruit Distribution Business – Distribution of various fruits

6. SEGMENT INFORMATION *(continued)*

Segment results, assets and liabilities

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

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

The accounting policies of operating segments are the same as the Group's accounting policies as described in note 3 to the consolidated financial statements. Segment results represent the profit after tax from each segment without allocation of certain other income, certain depreciation of property, plant and equipment and right-of-use assets, finance costs, central administration costs and directors' emoluments. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

There were no inter-segment revenue in both years.

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

6. SEGMENT INFORMATION *(continued)*

Other Segment Information

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

	Plantation Business		Fruit Distribution Business		Unallocated		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Realised gain arising from changes in fair value of biological assets less costs to sell	**15,331**	31,552	**–**	–	**–**	–	**15,331**	31,552
Interest income	**8**	13	**78**	23	**–**	–	**86**	36
Depreciation of property, plant and equipment	**(7,840)**	(8,097)	**(15)**	(14)	**(92)**	(576)	**(7,947)**	(8,687)
Depreciation of right-of-use assets	**–**	–	**–**	–	**(1,065)**	(1,176)	**(1,065)**	(1,176)
Reversal of/(provision for) impairment losses recognised in respect of trade and other receivables, net	**(1,066)**	(2,967)	**1,172**	(1,149)	**(1)**	5	**105**	(4,111)
Income tax expense	**–**	–	**(3,327)**	(8,306)	**–**	–	**(3,327)**	(8,306)
Gain on disposal of property, plant and equipment	**–**	–	**–**	–	**236**	25	**236**	25
Written-down of biological assets	**–**	(81)	**–**	–	**–**	–	**–**	(81)
Written-down of inventories	**–**	(55)	**(3)**	(1,039)	**–**	–	**(3)**	(1,094)
Additions to property, plant and equipment	**47**	1,685	**–**	16	**–**	288	**47**	1,989

Geographical information

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

6. SEGMENT INFORMATION *(continued)*

Information about major customers

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

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

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

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

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

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

7. REVENUE

Disaggregation of revenue from contracts with customers

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

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

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

8. OTHER INCOME

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

Notes:

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

(ii) During the year ended 30 June 2021, the Group recognised government grant of approximately RMB133,000 (equivalent to approximately HKD161,000) (2020: RMB147,000 (equivalent to approximately HKD161,000)) which related to Employee Support Scheme provided by the Hong Kong government.

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

9. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	**23**	71

10. PROFIT BEFORE TAX

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

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

11. INCOME TAX EXPENSE

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

	2021 RMB'000	2020 RMB'000
Current tax		
PRC enterprise income tax	3,327	8,306

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

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

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

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

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

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

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

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

(iv) PRC withholding income tax

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

* *For identification purposes only*

11. INCOME TAX EXPENSE *(continued)*

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

	2021 RMB'000	2020 RMB'000
Profit before tax	**7,319**	33,078
Tax calculated at tax rates applicable to the jurisdictions concerned	**3,036**	7,679
Tax effect of non-deductible expenses	**334**	637
Tax effect of non-taxable income	**(43)**	(10)
Income tax expense	**3,327**	8,306

12. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees		Salaries, allowance and benefits in kind		Retirement scheme contribution		Total	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Directors' emoluments								
Executive directors								
Mr. Ng Ong Nee *(Chairman and Chief Executive Officer)*	**993**	1,579	**145**	1,425	**–**	–	**1,138**	3,004
Mr. Ng Hoi Yue *(Deputy Chief Executive Officer)*	**–**	–	**1,561**	1,856	**15**	16	**1,576**	1,872
Non-executive directors								
Mr. He Xiaohong	**298**	329	**–**	–	**–**	–	**298**	329
Mr. James Francis Bittl *(note 1)*	**8**	–	**–**	–	**–**	–	**8**	–
Independent non-executive directors								
Mr. Chung Koon Yan *(note 2)*	**188**	219	**–**	–	**–**	–	**188**	219
Dr. Lui Ming Wah, PhD, SBS, JP	**199**	219	**–**	–	**–**	–	**199**	219
Mr. Yang Zhen Han	**199**	219	**–**	–	**–**	–	**199**	219
Mr. Liu Ruiqiang *(note 3)*	**11**	–	**–**	–	**–**	–	**11**	–
	1,896	2,565	**1,706**	3,281	**15**	16	**3,617**	5,862

12. DIRECTORS' EMOLUMENTS *(continued)*

Notes:

1. Mr. James Francis Bittl was appointed as a non-executive director on 16 June 2021.

2. Mr. Chung Koon Yan resigned as an independent non-executive director on 10 June 2021.

3. Mr. Liu Ruiqiang was appointed as an independent non-executive director on 10 June 2021.

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

There was an arrangement under which Mr. Ng Ong Nee waived his director's remuneration of approximately RMB298,000 (2020: Nil) during the year ended 30 June 2021.

The Group has been providing accommodation, which is leased from third party, to Mr. Ng Ong Nee and Mr. Ng Hoi Yue for use by them and their family members at no charge. The estimated money value of the benefit in kind for each of them was approximately RMB145,000 and RMB377,000 (2020: RMB1,425,000 and RMB408,000) respectively.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the year ended 30 June 2021 included two (2020: two) directors of the Company, details of their emoluments are set out in note 12 above. The emoluments in respect of the remaining three (2020: three) highest paid individuals are as follows:

	2021 **RMB'000**	2020 RMB'000
Salaries, wages and other benefits	**2,418**	3,039
Retirement scheme contribution	**82**	59
	2,500	3,098

No emoluments were paid by the Group to the directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

The number of the three (2020: three) employees with the highest emoluments fell within the following bands:

	2021	2020
Nil to HKD1,000,000	**2**	1
HKD1,000,001 to HKD1,500,000	**1**	2

14. EARNINGS PER SHARE

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Construction-in-progress RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, plant and machinery RMB'000	Motor vehicles RMB'000	Farmland infrastructure and machinery RMB'000	Bearer plants RMB'000	Total RMB'000
Cost								
As at 1 July 2019	–	27,337	4,818	4,999	2,956	88,596	53,435	182,141
Additions	934	–	–	51	288	72	644	1,989
Disposal and written-off	–	–	–	–	(255)	–	–	(255)
Exchange alignment	–	–	19	15	2	–	–	36
As at 30 June 2020 and 1 July 2020	934	27,337	4,837	5,065	2,991	88,668	54,079	183,911
Additions	11	–	–	25	11	–	–	47
Transfer	(215)	–	–	–	–	215	–	–
Disposal and written-off	–	–	(3,223)	(702)	–	–	–	(3,925)
Exchange alignment	–	–	–	(28)	(10)	–	–	(38)
As at 30 June 2021	730	27,337	1,614	4,360	2,992	88,883	54,079	179,995
Accumulated depreciation and impairment								
As at 1 July 2019	–	10,133	3,437	3,126	2,734	73,015	7,202	99,647
Charge for the year	–	823	497	431	133	2,332	4,471	8,687
Written back upon disposal and written-off	–	–	–	–	(255)	–	–	(255)
Exchange alignment	–	–	11	–	–	–	–	11
As at 30 June 2020 and 1 July 2020	–	10,956	3,945	3,557	2,612	75,347	11,673	108,090
Charge for the year	–	823	126	383	196	2,218	4,201	7,947
Written back upon disposal and written-off	–	–	(3,223)	(702)	–	–	–	(3,925)
Exchange alignment	–	–	–	(2)	(1)	–	–	(3)
As at 30 June 2021	–	11,779	848	3,236	2,807	77,565	15,874	112,109
Carrying amounts								
As at 30 June 2021	730	15,558	766	1,124	185	11,318	38,205	67,886
As at 30 June 2020	934	16,381	892	1,508	379	13,321	42,406	75,821

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

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

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

	2021 Number of trees '000	2020 Number of trees '000
Citrus trees	**341**	341

16. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
As at 30 June 2020	
Carrying amount	1,174
As at 30 June 2021	
Carrying amount	**–**
For the year ended 30 June 2021	
Depreciation charge for the year	**(1,065)**
Exchange alignment	**(109)**
For the year ended 30 June 2020	
Depreciation charge for the year	(1,176)
Exchange alignment	47

	2021 RMB'000	2020 RMB'000
Expenses relating to short-term leases	**280**	252
Total cash outflow for leases *(note)*	**1,394**	1,474

Note:

Amount includes payments of principal and interest portion of lease liabilities and short-term leases. These amounts could be presented in operating or financing cash flows.

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

17. BIOLOGICAL ASSETS

	2021 RMB'000	2020 RMB'000
As at 1 July	550	5,438
Increase due to cultivation	10,813	13,508
Realised gain from changes in fair value less costs to sell	15,331	31,552
Written-down of biological assets	–	(81)
Decrease due to harvested	(26,174)	(49,867)
As at 30 June	520	550

Notes:

(a) During the year ended 30 June 2021, the Group harvested approximately 10,484 tonnes (2020: 14,493 tonnes) of oranges. The directors of the Company measured the fair value less costs to sell of oranges at the point of harvest based on market prices as at or close to the harvest dates.

(b) All oranges were harvested annually from December to June. The growing oranges cultivated by the Agriculture Company were in premature stage as at 30 June 2021, 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 fertilisers 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, these oranges with carrying amount of approximately RMB520,000 (2020: RMB550,000) were stated at cost as at 30 June 2021, representing cultivation cost incurred, mainly comprising fertilisers, pesticides and labour costs.

17. BIOLOGICAL ASSETS *(continued)*

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

(1) Regulatory and environmental risks

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

(2) Supply and demand risks

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

(3) Climate and other risks

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

(4) Price risk

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

18. INVENTORIES

	2021 RMB'000	2020 RMB'000
Raw materials	**994**	1,478

During the year ended 30 June 2021, the Group recognised inventories write-down of approximately RMB3,000 (2020: RMB1,094,000) due to damages of fruits during transportation.

19. TRADE AND OTHER RECEIVABLES

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

19. TRADE AND OTHER RECEIVABLES *(continued)*

Analysed for reporting purposes as:

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

Notes:

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

(ii) The amount represented prepayment paid for acquiring the entire interest in an industrial land and various buildings located in the PRC at a consideration of RMB57 million (the "**Acquisition of Target Land and Properties**"), which would be settled by cash pursuant to a sale and purchase agreement signed on 19 January 2021 between the Group and 高錫武 (Mr. Gao Xiwu*), an independent third party. Further details are disclosed in the Company's circular dated 16 March 2021.

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

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

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

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

* *For identification purposes only*

19. TRADE AND OTHER RECEIVABLES *(continued)*

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

	RMB'000
As at 1 July 2019	34
Impairment losses recognised, net	309
As at 30 June 2020 and 1 July 2020	343
Reversal of impairment losses recognised, net	(272)
As at 30 June 2021	**71**

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

	RMB'000
As at 1 July 2019	304
Impairment losses recognised, net	3,802
As at 30 June 2020 and 1 July 2020	4,106
Impairment losses recognised, net	167
As at 30 June 2021	**4,273**

The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables for the years ended 30 June 2021 and 2020 are set out in note 5 to the consolidated financial statements.

20. CASH AND CASH EQUIVALENTS

	2021 RMB'000	2020 RMB'000
Cash at bank and on hand	167,876	31,496

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. As at 30 June 2021, the Group's cash and cash equivalents denominated in RMB of approximately RMB1,000 (2020: RMB1,000) were located in Hong Kong which are not subject to the foreign exchange control. The remaining cash and cash equivalents in RMB of approximately RMB91,867,000 (2020: RMB28,269,000) were placed with banks in the PRC.

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

21. CAPITAL, RESERVES AND DIVIDENDS

(a) *Movement in components of equity*

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

	Share premium RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 July 2019	3,711,195	–	(3,726,711)	(15,516)
Loss and total comprehensive loss for the year	–	–	(18,245)	(18,245)
As at 30 June 2020 and 1 July 2020	3,711,195	–	(3,744,956)	(33,761)
Loss for the year	–	–	(12,387)	(12,387)
Other comprehensive loss	–	(8,086)	–	(8,086)
Total comprehensive loss for the year	–	(8,086)	(12,387)	(20,473)
Placing of shares	70,916	–	–	70,916
As at 30 June 2021	3,782,111	(8,086)	(3,757,343)	16,682

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

(b) Share capital

	2021 Number of shares	2021 Carrying amount HKD'000	2020 Number of shares	2020 Carrying amount HKD'000
Ordinary shares of HKD0.01 each				
Authorised:				
At beginning of the reporting period	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Increase in authorised share capital *(note (i))*	**3,000,000,000**	**30,000**	–	–
At end of the reporting period	**5,000,000,000**	**50,000**	2,000,000,000	20,000
Issued and fully paid:				
At beginning of the reporting period	**1,249,637,884**	**12,496**	1,249,637,884	12,496
Placing of shares *(note (ii))*	**1,250,000,000**	**12,500**	–	–
At end of the reporting period	**2,499,637,884**	**24,996**	1,249,637,884	12,496
		RMB'000		RMB'000
Equivalent to		**22,831**		12,340

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally in regard to the Company's residual assets.

Notes:

(i) As disclosed in the Company's circular dated 16 March 2021, the Board proposed to increase the authorised share capital of the Company to HK$50,000,000 divided into 5,000,000,000 shares by the creation of an additional 3,000,000,000 shares.

The increase in authorised share capital was approved by way of an ordinary resolution passed by the shareholders of the Company at a special general meeting held on 8 April 2021.

(ii) As disclosed in the Company's circular dated 19 January 2021, the Company and Cinda International Securities Limited (the "**Placing Agent**") entered into a conditional placing agreement, pursuant to which the Placing Agent has conditionally agreed to procure not less than six placees on a best effort basis to subscribe for up to a maximum of 1,250,000,000 placing shares at the placing price of HK$0.08 per share (the "**Placing**").

The Placing was completed on 19 April 2021. The details of intended use of net proceeds of approximately HK$94.7 million (equivalent to approximately RMB81.4 million) are set out in the section headed "Use of proceeds" in the "Letter from the Board" of the Company's circular dated 16 March 2021.

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

(c) Dividends

No dividend has been paid, declared or proposed by the Company during the year ended 30 June 2021 (2020: Nil).

(d) Capital management

The Group manages its capital to ensure that the Group has sufficient liquidity to support the operation and development while maximising the value of shareholders. The Group's overall strategy remains unchanged from the prior year.

The Group regards total equity presented on the face of the consolidated statement of financial position as capital for capital management purpose.

Management of the Group reviews its capital structure periodically by assessing budgets of major projects taking into account the provision of funding. The Group is not subject to externally imposed capital requirements.

22. TRADE AND OTHER PAYABLES

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

Note:

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

22. TRADE AND OTHER PAYABLES *(continued)*

The average credit period granted by suppliers was 30 days.

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

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

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

23. CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Contract liabilities arising from:		
Sale of various fruits	39,411	–

As at 1 July 2019, the Group did not have contract liabilities.

Contract liabilities arise when the Group receives deposit at the start of a contract and until the revenue recognised on the relevant contract exceeds the amount of the deposit received.

The contract liabilities primarily relate to the advance consideration received from the customers for trading of fruits, revenue from which is recognised when the performance obligation is satisfied by delivering the fruits to the customers.

The Group classifies these contract liabilities as current because the Group expects them to be settled in normal operating cycle within 12 months after the end of the reporting period.

24. LEASE LIABILITIES

	2020	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within one year	1,197	1,222
Less: Future finance cost		(25)
Present value of lease liabilities		1,197
Less: Amount due for settlement within 12 months shown under current liabilities		(1,197)
Amount due for settlement after 12 months shown under non-current liabilities		–

The weighted average incremental borrowing rate applied to lease liabilities is approximately 4% as at 30 June 2020. Lease obligations were denominated in HKD.

25. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the MPFSO (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in defined contribution retirement benefit scheme (the "**Retirement Benefit Scheme**") organised by the relevant local government authorities in the PRC whereby the Group is required to make contributions to the Retirement Benefit Scheme at a certain rate of the standard wages determined by the relevant authorities in the PRC during the year. Contributions to the Retirement Benefit Scheme vest immediately.

During the years ended 30 June 2021 and 2020, the Group had no forfeited contributions under the MPF Scheme and the Retirement Benefits Scheme utilised to reduce the existing levels of contributions. As at 30 June 2021 and 2020, there was no forfeited contribution under the MPF Scheme and the Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years.

26. CAPITAL COMMITMENTS

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

Note:

On 29 June 2021, Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司) (the "**Purchaser**"), a wholly-owned subsidiary of the Company, Shenzhen Jinlong Air Conditioning Electric Co., Ltd.* (深圳市金龍空調電器有限公司) (the "**Vendor**") and Shenzhen Jinlong Construction Engineering Co., Ltd.* (深圳市金龍建設工程有限公司) (the "**Target Company**") entered into an equity transfer agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest of the Target Company at a consideration of RMB2,500,000, subject to adjustment. Further details are disclosed in the Company's announcements dated 29 June 2021 and 12 July 2021 (the "**Acquisition of the Target Company**").

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

27. RELATED PARTY TRANSACTIONS

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

(a) Balances with related parties

Details of the balances with a director of the Company at the end of reporting period are set out in note 22.

(b) Compensation of key management personnel

	2021 RMB'000	2020 RMB'000
Short-term employee benefits	4,462	6,957
Contributions to defined contribution retirement plans	30	33
	4,492	6,990

Total remuneration is included in "Staff costs" (see note 10(a)).

28. PARTICULAR OF SUBSIDIARIES

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Paid up/ issued/ registered capital	Proportion of ownership interest/voting power held by the Company 2021	2020	Principal activities
Directly held:						
In-Season Limited	BVI	Hong Kong	United States dollar ("**USD**")1	100%	100%	Investment holding
New Congress Holdings Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
Asian Citrus Management Company Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
Golden Rain Group Limited	BVI	Hong Kong	USD100	100%	100%	Investment holding
Team Luck Develop Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding
Richfield Enterprise Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding
Jet Bright Group Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding
Indirectly held:						
Asian Citrus (H.K.) Company Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Victoria Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Chance Full (HK) Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Bright Treasure Group Holdings Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
One Heart Holdings Limited	BVI	Hong Kong	USD100	100%	100%	Investment holding
Golden City Worldwide Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial

28. PARTICULAR OF SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Paid up/ issued/ registered capital	Proportion of ownership interest/voting power held by the Company 2021	2020	Principal activities
Eternal Rich Worldwide Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Universal International Trading Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Top Trend Corporation Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Asia Wealthy Link Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Basic Cheer Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Fortune Richmate Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
Surplus Mark Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial
廣西合浦冠華農業有限公司Δ (Guangxi Hepu Guanhua Agriculture Co., Ltd.*)	PRC	PRC	RMB 4,190,000	100%	100%	Planting, cultivation and sale of fruit
深圳市冠華水果商城有限公司Δ (Shenzhen First Class Fruits Company Limited)	PRC	PRC	RMB 1,000,000	100%	100%	Distribution of fruits
深圳市冠佳利實業有限公司Δ (Shenzhen Guanjiali Industrial Limited*)	PRC	PRC	RMB 100,000,000	100%	N/A	Distribution of fruits

Δ Established in the PRC as wholly foreign-owned enterprise

* For identification purposes only

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

None of the subsidiaries had issued any debt securities at the end of the reporting period.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 RMB'000	2020 RMB'000
ASSETS		
Non-current asset		
Interests in subsidiaries	**1**	1
	1	1
Current assets		
Other receivables	**266**	292
Amounts due from subsidiaries	**5,132**	25,107
Cash and cash equivalents	**75,623**	2,430
	81,021	27,829
Total assets	**81,022**	27,830
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	**22,831**	12,340
Reserves	**16,682**	(33,761)
	39,513	(21,421)
LIABILITIES		
Current liabilities		
Other payables and accruals	**5,099**	9,465
Amounts due to subsidiaries	**36,283**	39,428
Amount due to a director	**127**	358
	41,509	49,251
Total equity and liabilities	**81,022**	27,830

The financial statements were approved and authorised for issue by the board of directors on 30 September 2021 and are signed on its behalf by:

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

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities RMB'000
As at 1 July 2019	2,303
Financing cash flows	(1,222)
Finance cost	71
Exchange alignment	45
As at 30 June 2020 and 1 July 2020	**1,197**
Financing cash flows	**(1,114)**
Finance cost	**23**
Exchange alignment	**(106)**
As at 30 June 2021	**–**

31. EVENTS AFTER THE REPORTING PERIOD

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

32. COMPARATIVE FIGURE

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

33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised to issue by the board of directors of the Company on 30 September 2021.

FIVE YEAR FINANCIAL SUMMARY

	Years ended 30 June				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue	**195,618**	451,756	52,822	54,249	–
Profit/(loss) before income tax	**7,319**	33,078	541,616	(221,792)	(28,466)
Income tax expense	**3,327**	8,306	–	–	–
Profit/(loss) for the year	**3,992**	24,772	541,616	(221,792)	(28,466)

	As at 30 June				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current assets	**72,886**	76,995	82,494	96,822	5,799
Current assets	**193,439**	82,095	37,241	70,151	21,850
Total assets	**266,325**	159,090	119,735	166,973	27,649
Non-current liabilities	**–**	–	–	–	–
Current liabilities	**51,797**	29,358	14,339	600,229	241,618
Capital and reserves	**214,528**	129,732	105,396	(433,256)	(213,969)

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
Mr. HE Xiaohong

Independent Non-executive Directors
Mr. LIU Ruiqiang
Dr. LUI Ming Wah, PhD, SBS, JP
Mr. YANG Zhen Han

COMPANY SECRETARY

Miss NG Ling Ling

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