ASIAN CITRUS HOLDINGS LIMITED
亞洲果業控股有限公司*
*(incorporated in Bermuda with limited liability)*
(Stock Code : 73)

# 2023/24
# INTERIM REPORT

* For identification purposes only

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# FINANCIAL HIGHLIGHTS

## RESULTS OF OPERATIONS

| | Six months ended 31 December 2023 (unaudited) (RMB Million) | 2022 (unaudited) (RMB Million) | % change |
|---|---|---|---|
| **Reported financial information** | | | |
| Revenue | **61.3** | 21.1 | 190.5 |
| Other income | **1.5** | 5.8 | -74.1 |
| Loss before income tax | **(11.7)** | (18.9) | -38.1 |
| Loss attributable to the owners of the Company | **(11.8)** | (18.6) | -36.6 |
| Basic loss per share attributable to the owners of the Company (RMB) | **(94.82) cents** | (158.71) cents | -40.3 |

## FINANCIAL POSITION

| | As at 31 December 2023 (unaudited) (RMB Million) | As at 30 June 2023 (audited) (RMB Million) | % change |
|---|---|---|---|
| Total assets | **179.8** | 188.1 | -4.4 |
| Net current assets | **67.0** | 59.6 | 12.4 |
| Cash and cash equivalents | **24.0** | 26.1 | -8.0 |
| Total equity | **151.1** | 148.0 | 2.1 |
| Current ratio | **3.84** | 2.72 | 41.2 |

# CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am pleased to present the latest development, progress and interim results of Asian Citrus Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the six months ended 31 December 2023 (the "**Review Period**") to the shareholders of the Company.

## REVIEW

During the Review Period, the Group has embraced a dynamic and challenging operating environment by focusing on improvements to its existing businesses and exploring new potential business opportunities with a view to enhance our shareholders' overall return in the long run. The Group has successfully completed a Rights Issue (defined hereafter) during the Review Period which enhanced the Group's financial position and replenished the Group's working capital for the expansion and development of the core businesses of the Group.

The Group is thrilled to note that domestic economic activities in the People's Republic of China (the "**PRC**") have experienced a welcome boost following the relaxation and withdrawal of COVID-19 containment measures. However, the Group also noted that the initial post-lockdown surge in economic activities appears to have since reverted back to the normal level over the Review Period. To stimulate economic growth in the PRC, the PRC government has introduced favourable policies, such as the lowering of loan prime rate and reserve requirement ratio for banks, thereby increasing liquidity in the economy. Against this backdrop, the Group has been prudent in the Group's strategy and operational management.

For the planting, cultivation and sale of agricultural produce business of the Group ("**Plantation Business**"), the Group primarily focuses on passion fruits. During the Review period, the Group's citrus fruits plantation business was still in its consolidation phase after many citrus trees were severely affected by pests, HuangLongBing* (黃龍病) and/or citrus canker during the COVID-19 lockdown period when farmers were restricted from accessing to the farmlands and therefore were unable to provide proper maintenance and care for the citrus trees. While the Group has continued to seek ways to improve fruit quality as well as crop yield of its harvests, the Group also monitored and managed the inherent risks of the fruit plantation business using the expertise at the Group's disposal, so as to ensure that the Group is able to identify and resolve problems to the extent possible that may affect the quality of the Group's harvests in a timely manner.

In connection with fruit distribution business of the Group ("**Fruit Distribution Business**"), having considered the business environment and development needs of the Group, as announced in January 2024, the Group have reallocated a portion of the net proceeds from the placing originally for establishing a comprehensive distribution centre for its value-added services on processing fruits under its Fruit Distribution Business in the Guangdong province to its orchards under the Plantation Business in the Guangxi province with a view to enhance the overall efficiency in the allocation of resources. As a fruit distributor, the Group will strive to source and offer a wide range of fruits to satisfy the Group's customers' demands. Amid the fierce competition, the continued recovery of the PRC economy and 陝西品尚農產品貿易有限公司 (Shaanxi Pinshang Agricultural Products Trading Co., Ltd.*) ("**Shaanxi Pinshang**"), a wholly-owned subsidiary of the Company after the acquisition completed around the end of March 2023, has contributed towards the development of the Fruit Distribution Business, which recorded a period-on-period increase as compared to the corresponding period in prior year.

Having established business presence of the distribution and installation of air-conditioners business of the Group ("**Air-conditioners Distribution Business**") in Meizhou back in 2022, the Group has explored different geographic locations of the PRC domestic markets and expanded the Air Conditioner Distribution Business into the market in Shenzhen in 2023. During the Review Period, the Group's efforts and commitments devoted into the Air-conditioners Distribution Business have been rewarded with a period-on-period increase in revenue generated, reaching approximately RMB35.9 million. Furthermore, the Group was also able to improve on the segment results of the Air-conditioners Distribution Business compared to the corresponding period in the prior year.

## PROSPECTS

Looking ahead, the Group envisages that domestic consumption will assume a more prominent role within the "Three Horse Carriages" growth framework. Despite the challenging situation, the Group maintain cautious optimism that favourable PRC government policies will continue to foster a conducive business operating environment domestically. With the support of its management team, the Group will confidently navigate through the dynamic and competitive market landscape and look to capitalise on market opportunities available in respective businesses.

The improvement work in relation to the reform of the Plantation Business through internal processes, such as cost control and management, will continue. The Group will also persist to explore and optimise fruit product portfolio of the Group through assessment of the profitability of the respective fruits. The Group remain cautiously optimistic about the Group's passion fruits plantation operations, the Group will assess the feasibility of and, where considered appropriate, diversify the fruit product portfolio through the plantation of different kinds of fruits in order to ease the reliance of existing fruit product portfolio of the Group.

The primary focus of the Group's business model under the Fruit Distribution Business shall continue to be sourcing and distributing a range of fruits in the PRC, where the Group has established a network of quality fruit suppliers, maintained business relationship with existing customers and established relationship with new customers. The stable supply of high-quality fruits from the Group's network of trusted suppliers will remain to be the key to the Fruit Distribution Business.

Having secured a stable supply of air-conditioners by entering into a framework agreement with a supplier, the term of which shall last until the year ending 30 June 2025, the Air-conditioners Distribution Business established its foothold in the market with initial advances into Meizhou and going forward the Group will devote more resources to the Shenzhen market with a view to achieve steady growth in sales. The Group will continue to develop the Air-conditioners Distribution Business and after-sale services to further broaden revenue base of the Group.

The Group has benefited from the progress of business portfolio diversification and demonstrated resilience and ability of the Group to operate in a challenging business environment. Going forward the Group shall actively explore new business opportunities in the PRC while continue to strengthen core competence of the Group.

## APPRECIATION

I, on behalf of the Board, would like to express our utmost gratitude to our valued shareholders, customers and business partners for your enduring support and unwavering trust in the Company. We would also like to express my sincere appreciation to our dedicated management team and staff for their commitments and invaluable contribution to the Group during the Review Period. Look forward to creating a prosperous future for the Group.

**Li Ziying**
*Chairman*

28 February 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK

In year 2024, we shall remain vigilant as the fruit plantation and distribution industry in the PRC is likely to remain competitive. While we are optimistic for the gradual improvement to the overall PRC economy, we also recognise that improvements may be uneven over a period time and any unexpected adverse changes in consumer confidence may affect the demand of the Group's fruits. As such, the Group will maintain its prudent approach in developing the strategy for its Plantation Business and Fruit Distribution Business. Given the long-term growth potentials of the overall PRC economy and the increase in domestic consumer spending capabilities, the Board is cautious optimistic on the long-term prospects of the Plantation Business and Fruit Distribution Business.

As for the Air-conditioners Distribution Business, which has been a significant revenue contributor of the Group and one of the main sources of the Group's revenue, the Group will continue to commit its resources to broaden its business scale as well as improve its operational efficiencies. With air-conditioners are increasingly becoming a necessity for PRC households given the hotter summers in recent years, the Group is confident that the Air-conditioners Distribution Business will be able to maintain a stable and healthy growth in year 2024.

## BUSINESS REVIEW

During the Review Period, the Group's agricultural produces under the Plantation Business mainly comprised of passion fruits planted and cultivated by the Group at the Hepu Plantation located in Guangxi, the PRC (the "**Hepu Plantation**"). As a wholesaler, the Group have sold its fruits to distributors in the PRC. With a view to enhance the overall performance of this business, the Group monitored and assessed the financial feasibilities and return of its fruits, sought ways to improve fruit quality and the crop yield of its harvests, actively managed its Plantation Business, identified and resolved specific problems that may affect the quality of the Group's harvests in a timely manner to the extent possible. However, it should be noted that during the Review Period, the Group's citrus fruits plantation business was still in its consolidation phase after many citrus trees were severely affected by pests, HuangLongBing* (黃龍病) and/or citrus canker as there was no proper maintenance and care could be provided for the citrus trees during the COVID-19 lockdown period. The Group recorded revenue of approximately RMB0.06 million during the Review Period.

In respect of the Fruit Distribution Business, the Group continued to develop and strengthen the relationships with its suppliers and customers. Despite the fruit distribution business remained to be competitive, with the gradual economic growth in the PRC, and the revenue contribution from Shaanxi Pinshang, after the post-acquisition integration, the Group recorded revenue of approximately RMB25.4 million during the Review Period.

For the Air-conditioners Distribution Business, which commenced in 2022, the Group is principally engaged in the distribution and installation of air-conditioners and the provision of after-sale services air-conditioners in the PRC. The Air-conditioners Distribution Business has continued to develop after establishing its presence in Shenzhen. The Group has attained satisfactory revenue growth and recorded revenue of approximately RMB35.9 million during the Review Period. With increasing demand for air-conditioners from PRC households, the Group's strategy for the Air-conditioners Distribution Business is to further expand its customer base as well as secure a higher volume of sales orders going forward.

## FINANCIAL REVIEW

### *Revenue*

The Group recorded revenue of approximately RMB61.3 million (six months ended 31 December 2022: RMB21.1 million) for the Review Period.

The Group's operations are divided into three segments, namely (i) Plantation Business; (ii) Fruit Distribution Business; and (iii) Air-conditioners Distribution Business.

Below is an analysis of the Group's revenue by segment:

| | For the six months ended 31 December | | |
|---|---|---|---|
| | **2023** | 2022 | % Change |
| | **RMB'000** | RMB'000 | |
| Plantation Business | **57** | 574 | -90.1% |
| Fruit Distribution Business | **25,386** | 673 | 3,672.1% |
| Air-conditioners Distribution Business | **35,905** | 19,898 | 80.4% |
| Total | **61,348** | 21,145 | 190.1% |

For the Review Period, the Group recorded revenue of approximately RMB0.06 million (six months ended 31 December 2022: RMB0.6 million) from the Plantation Business on completion of the harvest seasons of passion fruits in the Hepu Plantation, representing a decrease of approximately 90.1% as compared to the corresponding period of last year. The decline in revenue was mainly due to severe weather condition at Hepu Plantation during the Review Period, leading to unsatisfying harvest quality and quantity.

In respect of the Fruit Distribution Business, the Group recorded revenue of approximately RMB25.4 million (six months ended 31 December 2022: RMB0.7 million) for the Review Period, representing a drastic increment of approximately 3,672.1% as compared to the corresponding period of last year. Despite the challenging operating environment, the overall PRC economy is gradually recovering from the pandemic. In addition, the Group has completed the acquisition of Shaanxi Pinshang which is principally engaged in distribution and sales of agricultural products with its comprehensive sales network in Shaanxi Province by the end of March 2023. Shaanxi Pinshang has made substantial contribution to the segment revenue for the Review Period.

Regarding the Air-conditioners Distribution Business, the Group recorded revenue of approximately RMB35.9 million (six months ended 31 December 2022: RMB19.9 million). The Air-conditioners Distribution Business commenced upon the completion of the acquisition of 深圳市金龍建設工程有限公司 (Shenzhen Jinlong Construction Engineering Co., Ltd.*) ("**Jinlong Construction**") in December 2021. During the Review Period, the Group purchased air-conditioners from the brand owners and sold the air-conditioners to electrical appliance stores in Meizhou City, the PRC. Having established the business presence in Meizhou, the Group continued to explore and expand its air conditioner distribution business into the market in Shenzhen. On 3 February 2023, the Group has entered into a framework agreement with its supplier to secure a stable supply of air-conditioners to meet customer demand. The expansion of geographical area has rendered for the surge of revenue.

### *Other income*

For the Review Period, the Group recorded other income in the amount of approximately RMB1.5 million (six months ended 31 December 2022: RMB5.8 million), which mainly consists of management income generated from various business cooperation agreements with independent farmers, government subsidy and interest income in connection with the loans to independent third parties which are secured by a substantial shareholder of the Company.

### *Staff costs*

For the Review Period, the staff costs of the Group amounted to approximately RMB5.6 million (six months ended 31 December 2022: RMB5.3 million). A slight increase in staff costs by approximately 5.7% was mainly attributable to (i) the staff costs incurred by Shaanxi Pinshang which were not consolidated into the financial results for the corresponding period of last year; (ii) the increase of staff costs paid to the staff due to the increase in the number of staff of Jinlong Construction as compared to the corresponding period of last year; and (iii) being offset by a decline in headcount at Hepu Plantation.

### *Distribution and other operating expenses*

For the Review Period, the distribution and other operating expenses of the Group amounted to approximately RMB0.5 million (six months ended 31 December 2022: RMB0.9 million), which comprised primarily of transportation costs incurred for the delivery of fruits and air-conditioners.

### *General and other administrative expenses*

For the Review Period, the general and other administrative expenses of the Group amounted to approximately RMB7.8 million (six months ended 31 December 2022: RMB5.7 million), which comprised primarily of legal and professional fees, office accommodation expenses and plantation security charges. The general and other administrative expenses increased for the Review Period as compared to the corresponding period of last year due to expenses incurred for corporate actions, for instance the Rights Issue.

### *Income tax*

For the Review Period, income tax expense of the Group amounted to approximately RMB0.07 million (six months ended 31 December 2022: income tax credit of approximately RMB0.3 million), which comprised primarily of the enterprise income tax charged and payable by the Group on the profit generated from Fruit Distribution Business and the Air-conditioners Distribution Business in the PRC.

### *Loss attributable to owners of the Company*

For the Review Period, loss attributable to owners of the Company was approximately RMB11.8 million (six months ended 31 December 2022: RMB18.6 million). The decline in for the Review Period was mainly due to (i) the absence of the impairment losses on the property, plant and equipment; (ii) the fair value gain on the financial assets at fair value through profit or loss; (iii) reversal of the allowance for expected credit losses ("**ECL**") on trade and other receivables or loans receivable; and (iv) being offset by the decline in other income.

## RISK FACTORS

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

### *Plantation Business*

#### Climate changes and natural disasters

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

### Contractual arrangement at Hepu Plantation

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

Currently, the Cooperator leases the farmland from certain owners paying annual rent at rates, subject to periodic review and revision, based on a reasonable standard agreed upon in 2000 when the PRC's economy was experiencing a stage of development with low price index. As the PRC's economy has been developing rapidly in the last decade, the owners of the farmland have been repeatedly requesting an increase in rent via different means. In order to maintain a stable cooperation environment, the Cooperator has been negotiating with the owners of the farmland through co-ordination with local government department. Pursuant to the Agreement and supplemental agreement entered between the Group and the Cooperator, on top of the share of 10% of the income generated from the Hepu Plantation, the Group is obligated to pay a fixed monthly contribution of RMB500,000 to the Cooperator with effect from 1 July 2023.

Any further rent raise will increase Hepu Plantation's operating costs and lower its profit level to a certain extent. However, the Company believes a reasonable increase in the rent will help to promote a harmonic cooperation environment between the Cooperator and the owners of the farmland to facilitate a smooth running of the Plantation Business.

### *Fruit Distribution Business*

PRC was experiencing recovery from the COVID-19 epidemic during the second half of 2023 after the removal of prevention and control measures. However, it is expected to take duration for the consumption level of Chinese resident to resume. As such, the demand for fruits may recover sluggishly in the coming year and hindered its development.

## DIVIDEND

The Board did not recommend the payment of an interim dividend for the Review Period (six months ended 31 December 2022: Nil).

## CAPITAL

As at 31 December 2023, the total number of issued shares of the Company was 2,980,105,859 (six months ended 31 December 2022: 2,499,637,884). On 13 October 2023, the Company announced a proposed rights issue on the basis of one rights share for every two shares in issue at a subscription price of HK$0.035 per rights share to raise up to approximately HK$43,700,000 before expenses. On 7 November 2023, the Company allotted and issued 480,467,975 ordinary shares of HK$0.035 each by way of rights issue and the number of issued shares of the Company was increased to 2,980,105,859 (the "**Rights Issue**").

## LIQUIDITY AND FINANCE RESOURCES

### *Liquidity*

As at 31 December 2023, the bank borrowings of the Group amounted to approximately RMB9.2 million (30 June 2023: RMB3.4 million). The cash and cash equivalents the Group was approximately RMB24.0 million (30 June 2023: RMB26.1 million).

As at 31 December 2023, the current ratio and quick ratio were approximately 3.84 and approximately 3.64 respectively (30 June 2023: 2.72 and 2.36 respectively).

### *Funding and treasury policy*

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

### *Charge on assets*

As at 31 December 2023, the Group's prepayment of approximately RMB7.6 million (30 June 2023: RMB4.6 million) was used as security for the bank borrowings of approximately RMB4.2 million (30 June 2023: RMB3.4 million).

### *Net gearing ratio*

The net gearing ratio of the Group (bank borrowings less cash and cash equivalents, divided by total equity multiplied by 100%) decreased from approximately 15.3% as at 30 June 2023 to approximately 9.8% as at 31 December 2023. The decrease in net gearing ratio was mainly attributable to the proceeds raised from the Rights Issue during the Review Period, partially offset by increase in bank borrowings.

### *Capital commitments*

As at 31 December 2023, the Group had capital commitments of approximately RMB10.0 million (30 June 2023: Nil), mainly related to committed contribution to the registered capital of a joint venture company. For further details, please refer to the announcement of the Company dated 24 November 2023.

## FOREIGN EXCHANGE RISK

The Group is exposed to foreign currency risk primarily through its cash and cash equivalents as well as equity securities listed in Hong Kong and the United States being denominated in a currency other than the functional currency of the operation to which they related. The currencies giving rise to this risk are primarily Hong Kong dollars and United States dollars. The Group has relatively limited transactions denominated in foreign currencies, hence its exposure to exchange rate fluctuation is currently minimal and the Group does not need to use any derivative contracts to hedge against its exposure to foreign exchange risk. Management manages the foreign exchange risk by closely monitoring the movement of the currency exchange rate from time to time.

## EMPLOYEES

The Group has adopted a competitive remuneration package since it aims to attract, retain and motivate high calibre individuals. Remuneration packages are performance-linked and business performance, market practices and competitive market conditions are all taken into consideration in determining remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as accommodation, discretionary bonuses, mandatory provident fund contributions and share options. As at 31 December 2023, the Group had 57 (30 June 2023: 59) permanent employees.

## CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31 December 2023 (30 June 2023: Nil).

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in the note 22 to the interim financial information, no other significant event has taken place subsequent to 31 December 2023 and up to the date of this interim report.

## SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period. Saved for disclosed below, the Group had no significant investments held during the Reporting Period.

As at 31 December 2023, the Group was holding equity securities listed in Hong Kong and United States for trading. These equity securities were classified as financial assets at fair value through profit or loss. Significant equity investments measured at FVTPL held as at 31 December 2023 are as follows:

| | | | | | Six months ended 31 December 2023 | | | | As at 31 December 2023 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Company name (stock code) | Principal activities | Number of shares held | % of shareholdings | Cost of acquisition RMB'000 | Dividend income RMB'000 | Realised gain/(losses) on disposal RMB'000 | Unrealised gain/(losses) on fair value change RMB'000 | Reasons for unrealised gain/(loss) | Fair value RMB'000 | % of total asset of the Group RMB'000 |
| Tencent Holdings Limited (0700.HK) | Provision of Value-added Services , Online Advertising services and FinTech and Business Services | 6,600 | 0.00007% | 2,109 | – | (163) | (232) | Share price moves downwards | 1,768 | 1.0% |
| Microsoft Corporation (MSFT) | Developing, licensing, and supporting a wide range of software products and services, designing and selling hardware devices, and delivering relevant online advertising to a global customer audience | 2,200 | 0.00003% | 4,392 | 23 | – | 623 | Share price moves upwards | 5,883 | 3.3% |
| NVIDIA Corporation (NVDA) | Graphics and compute and networking | 1,400 | 0.00006% | 2,596 | 1 | 146 | 868 | Share price moves upwards | 4,940 | 2.7% |
| | | | | 9,097 | 24 | (18) | 1,258 | | 12,591 | 7.0% |

Apart from the above, the Group was also holding unlisted notes with details disclosed in note 11(b) for trading purpose as at 31 December 2023. These unlisted noted accounted for approximately 5.2% of the total assets of the Group.

## FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Saved as disclosed in note 19 and 22(b) to the interim financial information, the Group did not have specific plans for material investments or capital assets as at 31 December 2023.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2023

| | Notes | Six months ended 31 December 2023 (unaudited) RMB'000 | 2022 (unaudited) RMB'000 |
|---|---|---|---|
| **Revenue** | 4 | **61,348** | 21,145 |
| Cost of inventories | | **(59,817)** | (19,482) |
| Other income | 5 | **1,456** | 5,766 |
| Changes in fair value of investment properties | | **(970)** | – |
| Realised gain arising from changes in fair value of biological assets less costs to sell | | **–** | 91 |
| Changes in fair value of financial assets at fair value through profit or loss | | **3,105** | (1,484) |
| Impairment losses on property, plant and equipment | | **–** | (6,463) |
| Reversal of/(provision for) allowance of expected credit losses on trade and other receivables, net | | **71** | (1,701) |
| Reversal of/(provision for) allowance of expected credit losses on loan receivables, net | | **1,696** | (139) |
| Depreciation of property, plant and equipment and right-of-use assets | | **(4,427)** | (4,844) |
| Staff costs | | **(5,623)** | (5,305) |
| Finance costs | 6 | **(295)** | (3) |
| Distribution and other operating expenses | | **(509)** | (870) |
| General and other administrative expenses | | **(7,779)** | (5,652) |
| **Loss before income tax** | 6 | **(11,744)** | (18,941) |
| Income tax (expense)/credit | 7 | **(70)** | 307 |
| **Loss for the period attributable to the owners of the Company** | | **(11,814)** | (18,634) |
| | | **RMB** | RMB (restated) |
| **Loss per share attributable to the owners of the Company** | 8 | | |
| — Basic and diluted | | **(94.82) cents** | (158.71) cents |

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

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

| | Six months ended 31 December 2023 (unaudited) RMB'000 | 2022 (unaudited) RMB'000 |
|---|---|---|
| **Loss for the period** | **(11,814)** | (18,634) |
| | | |
| **Other comprehensive (loss)/income** | | |
| *Items that will not be reclassified to profit or loss:* | | |
| — Exchange differences on translation from foreign currency to presentation currency | **(2,376)** | 3,746 |
| — Fair value changes on investment funds classified as financial assets at fair value through other comprehensive income | **–** | (127) |
| — Fair value adjustment upon transfer of self-occupied properties to investment properties | **–** | 644 |
| | **(2,376)** | 4,263 |
| | | |
| *Item that may be reclassified subsequently to profit or loss:* | | |
| — Exchange differences on translation of financial statements of foreign operations, net of tax | **1,572** | (1,431) |
| | | |
| Other comprehensive (loss)/income for the period attributable to the owners of the Company | **(804)** | 2,832 |
| | | |
| **Total comprehensive loss for the period attributable to the owners of the Company** | **(12,618)** | (15,802) |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

| | Notes | 31 December 2023 (unaudited) RMB'000 | 30 June 2023 (audited) RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current Assets** | | | |
| Property, plant and equipment | 9 | **19,484** | 21,892 |
| Right-of-use assets | | **52,610** | 54,171 |
| Investment properties | 10 | **14,090** | 15,060 |
| Goodwill | | **2,916** | 2,916 |
| | | **89,100** | 94,039 |
| **Current Assets** | | | |
| Biological assets | 12 | **632** | 2,251 |
| Inventories | | **4,577** | 12,544 |
| Trade and other receivables | 13 | **8,975** | 9,366 |
| Loan receivables | 14 | **2,708** | 6,673 |
| Prepayments | 15 | **27,843** | 14,957 |
| Financial assets at fair value through profit or loss | 11 | **21,927** | 22,183 |
| Cash and cash equivalents | | **24,003** | 26,099 |
| | | **90,665** | 94,073 |
| **Total Assets** | | **179,765** | 188,112 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and Reserves** | | | |
| Share capital | 16 | **27,334** | 22,831 |
| Reserves | | **123,771** | 125,131 |
| **Total Equity** | | **151,105** | 147,962 |

| | *Notes* | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 17 | **9,634** | 27,014 |
| Contract liabilities | | **5,097** | 4,706 |
| Lease liabilities | | **521** | 425 |
| Bank borrowings | 18 | **8,371** | 2,286 |
| Tax payables | | **13** | 92 |
| | | **23,636** | 34,523 |
| **Non-current Liabilities** | | | |
| Lease liabilities | | **4,210** | 4,485 |
| Bank borrowings | 18 | **814** | 1,142 |
| | | **5,024** | 5,627 |
| Total Equity and Liabilities | | **179,765** | 188,112 |

The condensed consolidated financial statements on pages 14 to 44 were approved and authorised for issued by the board of directors on 28 February 2024 and are signed on its behalf by:

**Li Ziying**
*Executive Director*

**James Francis Bittl**
*Non-executive Director*

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As 31 December 2023

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 | Share premium RMB'000 | Fair value through other comprehensive income reserve RMB'000 | Revaluation reserve RMB'000 | Statutory surplus reserve RMB'000 *(note (a))* | Exchange reserve RMB'000 *(note (b))* | Accumulated losses RMB'000 | Total RMB'000 |
| **As at 1 July 2023 (audited)** | 22,831 | 3,782,111 | – | 644 | 1,811 | 2,646 | (3,662,081) | 147,962 |
| Loss for the period | – | – | – | – | – | – | (11,814) | (11,814) |
| Other comprehensive income/(loss) for the period: | | | | | | | | |
| Exchange differences on translation from foreign currency to presentation currency | – | – | – | – | – | (2,376) | – | (2,376) |
| Exchange differences on translation of financial statements of foreign operations, net of tax | – | – | – | – | – | 1,572 | – | 1,572 |
| Total comprehensive loss for the period | – | – | – | – | – | (804) | (11,814) | (12,618) |
| Appropriation to statutory reserve | – | – | – | – | 48 | – | (48) | – |
| Issue of shares pursuant to Rights Issue | 4,503 | 11,258 | – | – | – | – | – | 15,761 |
| **As at 31 December 2023 (unaudited)** | 27,334 | 3,793,369 | – | 644 | 1,859 | 1,842 | (3,673,943) | 151,105 |

## *CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*

As 31 December 2023

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

*Notes:*

a) In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC to the statutory surplus reserve until the balance of the reserve fund reaches 50% of the entity registered capital. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of the statutory surplus reserve is not less than 25% of registered capital.

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

| | Six months ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | **(unaudited)** | (unaudited) |
| | **RMB'000** | RMB'000 |
| **Net cash used in operating activities** | **(24,447)** | (22,510) |
| **Investing activities** | | |
| Proceeds from redemption of financial assets at fair value through other comprehensive income | **–** | 20,236 |
| Purchase of property, plant and equipment | **(415)** | (5,869) |
| Purchase of financial assets at fair value through other comprehensive income | **–** | (3,309) |
| Proceeds from disposal of/(purchase of) financial assets at fair value through profit or loss | **2,988** | (9,939) |
| Loan to an independent third party | **(2,737)** | (8,000) |
| Repayment of loan by an independent third party | **8,000** | – |
| Interest received | **414** | 18 |
| **Net cash generated from/(used in) investing activities** | **8,250** | (6,863) |
| **Financing activities** | | |
| Issue of shares pursuant to Rights Issue | **15,761** | – |
| Proceeds from bank borrowings | **–** | 5,000 |
| Repayment of bank borrowings | **(1,143)** | – |
| Repayment of principal portion of lease liabilities | **(126)** | (22) |
| Payment of interest on lease liabilities | **(114)** | (3) |
| Payment of interest on bank borrowings | **(180)** | – |
| **Net cash generated from financing activities** | **14,198** | 4,975 |
| **Net decrease in cash and cash equivalents** | **(1,999)** | (24,398) |
| **Cash and cash equivalents at beginning of the period** | **26,099** | 48,100 |
| **Effect of foreign exchange rate changes** | **(97)** | 1,818 |
| **Cash and cash equivalents at end of the period** | **24,003** | 25,520 |

## 1. BASIS OF PREPARATION

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

The interim financial information has been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and biological assets which are measured at fair values. The principal accounting policies adopted in the preparation of this interim financial information are consistent with those followed by Asian Citrus Holdings Limited (the "**Company**") and its subsidiaries' (the "**Group**") in their annual financial statements for the year ended 30 June 2023 (the "**2023 Financial Statements**"), except for certain accounting policies and the applications of amendments to International Financial Reporting Standards ("**IFRSs**") that are expected to be reflected in the Group's annual consolidated financial statements for the year ending 30 June 2024 of which details are set out in note 2.

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

This interim financial information contains condensed consolidated financial statements and explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 Financial Statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

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

## 2. APPLICATIONS OF AMENDMENTS TO IFRSs

This interim financial information has been prepared in accordance with IAS 34 issued by the IASB and the applicable disclosure provisions of the Listing Rules. All IFRSs effective for the accounting period commencing on 1 July 2023 together with the relevant transitional provisions, have been adopted by the Group in the preparation of this interim financial information throughout the period covered in this report.

In the current period, the Group has applied the following amendments to IFRSs, which are effective for the Group's accounting period beginning on or after 1 July 2023.

| | |
|---|---|
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to IAS 8 | Definition of Accounting Estimates |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17) | Insurance Contracts and the related Amendments |
| Amendments to IAS 12 | International Tax Reform – Pillar Two Model Rules |

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

### *New and amendments to IFRSs that are in issue but not yet effective*

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

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| Amendments to IAS 1 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to IAS 7 | Supplier Finance Arrangements | 1 January 2024 |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

The Group is in the process of making an assessment of what the impact of these new and amendments to IFRSs is expected to be in the period of initial application. So far the Group has not identified any aspects of the new standards which may have a significant impact on the condensed consolidated financial statements.

## 3. SEGMENT INFORMATION

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

Plantation Business — Planting, cultivation and sale of agricultural produce

Fruit Distribution Business — Distribution of various fruits

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

## 3. SEGMENT INFORMATION *(continued)*

### *Segment results, assets and liabilities*

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

| | Plantation Business | | Fruit Distribution Business | | Air-conditioners Distribution Business | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Six months ended 31 December | | Six months ended 31 December | | Six months ended 31 December | | Six months ended 31 December | |
| | **2023 (unaudited) RMB'000** | 2022 (unaudited) RMB'000 | **2023 (unaudited) RMB'000** | 2022 (unaudited) RMB'000 | **2023 (unaudited) RMB'000** | 2022 (unaudited) RMB'000 | **2023 (unaudited) RMB'000** | 2022 (unaudited) RMB'000 |
| **RESULTS** | | | | | | | | |
| Reportable segment revenue and revenue from external customers | **57** | 574 | **25,386** | 673 | **35,905** | 19,898 | **61,348** | 21,145 |
| Reportable segment results | **(8,719)** | (11,176) | **(1,666)** | (2,275) | **857** | 841 | **(9,528)** | (12,610) |
| Unallocated corporate expenses | | | | | | | **(2,856)** | (6,069) |
| Unallocated corporate income | | | | | | | **570** | 45 |
| Loss for the period | | | | | | | **(11,814)** | (18,634) |

| | Plantation Business | | Fruit Distribution Business | | Air-conditioners Distribution Business | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
| **ASSETS** | | | | | | | | |
| Segment assets | **42,931** | 51,456 | **67,400** | 82,254 | **32,721** | 30,614 | **143,052** | 164,324 |
| Unallocated corporate assets | | | | | | | **36,713** | 23,788 |
| Total assets | | | | | | | **179,765** | 188,112 |
| **LIABILITIES** | | | | | | | | |
| Segment liabilities | **1,174** | 1,040 | **5,747** | 18,933 | **19,816** | 18,565 | **26,737** | 38,538 |
| Unallocated corporate liabilities | | | | | | | **1,923** | 1,612 |
| Total Liabilities | | | | | | | **28,660** | 40,150 |

## 3. SEGMENT INFORMATION *(continued)*

### *Other Segment Information*

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

| | Plantation Business Six months ended 31 December | | Fruit Distribution Business Six months ended 31 December | | Air-conditioners Business Six months ended 31 December | | Unallocated Six months ended 31 December | | Total Six months ended 31 December | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2023 (unaudited) RMB'000** | 2022 (unaudited) RMB'000 | **2023 (unaudited) RMB'000** | 2022 (unaudited) RMB'000 | **2023 (unaudited) RMB'000** | 2022 (unaudited) RMB'000 | **2023 (unaudited) RMB'000** | 2022 (unaudited) RMB'000 | **2023 (unaudited) RMB'000** | 2022 (unaudited) RMB'000 |
| Realised gain arising from changes in fair value of biological assets less costs to sell | **–** | 91 | **–** | – | **–** | – | **–** | – | **–** | 91 |
| Interest income | **3** | 222 | **240** | 161 | **4** | 3 | **2** | 2 | **249** | 388 |
| Depreciation of property, plant and equipment | **(2,716)** | (3,451) | **(1)** | (84) | **(2)** | (2) | **(99)** | (15) | **(2,818)** | (3,552) |
| Depreciation of right-of-use assets | **–** | – | **(1,269)** | (1,269) | **(340)** | (23) | **–** | – | **(1,609)** | (1,292) |
| Provision for impairment losses recognised in respect of property, plant and equipment | **–** | (6,463) | **–** | – | **–** | – | **–** | – | **–** | (6,463) |
| (Provision for)/reversal of impairment losses recognised in respect of trade and other receivables, net | **–** | (1,965) | **28** | – | **43** | 121 | **–** | 143 | **71** | (1,701) |
| Reversal of/(provision for) impairment losses recognised in respect of loan receivables, net | **–** | (5) | **1,725** | (134) | **–** | – | **(29)** | – | **1,696** | (139) |
| Loss on written-off of property, plant and equipment | **–** | (554) | **–** | – | **–** | – | **–** | – | **–** | (554) |
| Written-down of biological assets | **(145)** | (552) | **–** | – | **–** | – | **–** | – | **(145)** | (552) |
| Additions to property, plant and equipment | **412** | 5,851 | **3** | – | **–** | 8 | **–** | 10 | **415** | 5,869 |

## 3. SEGMENT INFORMATION *(continued)*

### *Geographical information*

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

### *Information about major customers*

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

| | Six months ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | **(unaudited)** | (unaudited) |
| | **RMB'000** | RMB'000 |
| Customer A[1] | **12,722** | –[2] |
| Customer B[1] | **9,861** | –[2] |

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

[2] Revenue generated from customers A and B did not contribute over 10% of the total revenue of the Group for the six months ended 31 December 2022.

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

## 4. REVENUE

Disaggregation of revenue from contracts with customers:

| | Plantation Business 31 December | | Fruit Distribution Business 31 December | | Air-conditioners Distribution Business 31 December | | Total 31 December | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | **(unaudited)** | (unaudited) | **(unaudited)** | (unaudited) | **(unaudited)** | (unaudited) | **(unaudited)** | (unaudited) |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| Sales of fruits | **57** | 574 | **25,386** | 673 | **–** | – | **25,443** | 1,247 |
| Sales of air-conditioners | **–** | – | **–** | – | **35,905** | 19,898 | **35,905** | 19,898 |
| | **57** | 574 | **25,386** | 673 | **35,905** | 19,898 | **61,348** | 21,145 |

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

## 5. OTHER INCOME

| | Notes | Six months ended 31 December 2023 (unaudited) RMB'000 | 2022 (unaudited) RMB'000 |
|---|---|---|---|
| Bank interest income | | **16** | 18 |
| Dividend income | | **24** | – |
| Exchange gain, net | | **–** | 863 |
| Gain on lease modification | | **102** | – |
| Government subsidy | (i) | **390** | 43 |
| Interest income on loan receivables | | **233** | 370 |
| Management income | (ii) | **308** | 4,250 |
| Sundry income | | **383** | 222 |
| | | **1,456** | 5,766 |

*Notes:*

(i) During the six months ended 31 December 2023, the Group recognised government subsidy of approximately RMB390,000 which related to the farmland construction support given by the PRC local authority (2022: RMB43,000 (equivalently to approximately HK$48,000) which related to Employment Support Scheme provided by the Hong Kong Government).

(ii) The Group has entered into a business cooperation agreement with an independent third party (the "**Cooperator**"). Pursuant to the business cooperation agreement, the Cooperator would contribute farmlands while the Group would contribute property, plant and equipment for the purpose of providing farmlands and facilities to individual farmers and generating management income during the periods ended 31 December 2023 and 2022. According to business cooperation agreement, the Group is entitled to 90% of the income generated and it was recognised in the condensed consolidated statement of profit or loss.

## 6. LOSS BEFORE INCOME TAX

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

| | Six months ended 31 December 2023 (unaudited) RMB'000 | 2022 (unaudited) RMB'000 |
|---|---|---|
| **(a) Finance costs** | | |
| Interest on bank borrowings | **180** | – |
| Interest on lease liabilities | **115** | 3 |
| | **295** | 3 |
| **(b) Employee benefit expenses (including directors' remuneration)** | | |
| — Salaries, allowance and benefits in kind | **5,279** | 4,974 |
| — Retirement benefit scheme contribution | **344** | 331 |
| | **5,623** | 5,305 |
| **(c) Other items** | | |
| Depreciation of property, plant and equipment | **2,818** | 3,552 |
| Depreciation of right-of-use assets | **1,609** | 1,292 |
| Exchange gain, net | **–** | (863) |
| Office accommodation charges included in general and other administrative expenses | **1,334** | 1,398 |
| Expenses relating to short term leases included in general and other administrative expenses | **100** | 79 |
| Loss on written-off of property, plant and equipment | **–** | 554 |
| Loss on written-off of biological assets included in general and other administrative expenses | **145** | 552 |
| Plantation security charges included in general and other administrative expenses | **483** | 492 |
| Legal and professional fees included in general and other administrative expenses | **2,497** | 135 |

## 7. INCOME TAX EXPENSE/(CREDIT)

| | Six months ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | **(unaudited)** | (unaudited) |
| | **RMB'000** | RMB'000 |
| **Current tax** | | |
| PRC enterprise income tax | **70** | (307) |

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

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

(ii) Under the two-tiered profits tax rates regime in Hong Kong, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

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

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

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

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

* *For identification purposes only*

## 8. LOSS PER SHARE

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

| | Six months ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | **(unaudited)** | (unaudited) |
| | **RMB'000** | RMB'000 |
| Loss attributable to the owners of the Company used in basic and diluted loss per share calculations | **(11,814)** | (18,634) |
| **Weighted average number of shares** | **'000** | '000 (restated) |
| Weighted average number of ordinary shares used in basic and diluted loss per share calculations | **12,459** | 11,741 |

The weighted average number of ordinary shares used in basic and diluted loss per share calculations for the periods ended 31 December 2023 and 2022 has been adjusted/restated to reflect the effect of the completion of Rights Issue on 7 November 2023 and also the share consolidation effected on 21 February 2024 (note 22(a)).

Diluted loss per share were the same as basic loss per share for the six months ended 31 December 2023 and 2022 as there were no potential ordinary shares in issue.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2023, the Group acquired items of property, plant and equipment with a cost of approximately RMB415,000 (six months ended 31 December 2022: RMB5,869,000).

## 10. INVESTMENT PROPERTIES

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| **At fair value** | | |
| At the beginning of the period/year | **15,060** | – |
| Reclassified from property, plant and equipment *(note a)* | **–** | 15,590 |
| Changes in fair value recognised in consolidated profit or loss | **(970)** | (530) |
| **At the end of period/year** | **14,090** | 15,060 |

*Notes:*

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

On 1 September 2022, the building was reclassified from property, plant and equipment to investment properties and measured at fair value of approximately RMB15,590,000 which has been arrived at basis of a valuation carried out by Peak Vision Appraisals Limited ("**Peak Vision**"), an independent qualified professional valuer, which is not connected to the Group.

(b) At 31 December 2023, the fair value of the investment properties was approximately RMB14,090,000 (30 June 2023: RMB15,060,000) based on the valuation carried out by Peak Vision. The fair value changes of approximately RMB970,000 was recognised in the condensed consolidated statement of profit or loss during the six months ended 31 December 2023 (six months ended 31 December 2022: Nil).

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

At 31 December 2023, the fair value of investment properties was based on the income capitalisation approach (30 June 2023: income capitalisation approach) which capitalised the net income of the properties and takes into account the significant adjustments on term yield to account for the risk upon reversion.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| Equity securities listed in Hong Kong *(note (a))* | **1,768** | 3,259 |
| Equity securities listed in United States *(note (a))* | **10,823** | 11,289 |
| Unlisted notes *(note (b))* | **9,336** | 7,574 |
| Contingent consideration receivable *(notes (c))* | **–** | 61 |
| | **21,927** | 22,183 |

*Notes:*

(a) The Group has acquired listed securities through a security company in Hong Kong during the year ended 30 June 2023. These listed securities were classified as financial assets at fair value through profit or loss ("**FVTPL**") as they were held for trading. The fair values of these listed securities as at 31 December 2023 and 30 June 2023 were determined based on the quoted market closing prices on the Stock Exchange and the National Association of Securities Dealers Automated Quotations Stock Market.

During the period ended 31 December 2023, certain listed securities were disposed of and a net realised loss on the disposal and the dividends received from these equity securities amounting to approximately RMB18,000 (2022: Nil) and RMB24,000 (2022: Nil), respectively were recognised in the condensed consolidated statement of profit or loss. In addition, an unrealised gain of these listed securities amounting to approximately RMB1,258,000 (2022: Nil) was also recognised to the condensed consolidated statement of profit or loss during the period ended 31 December 2023.

(b) During the year ended 30 June 2023, the Group has set up an investment account in a security company in Hong Kong which managed by an investment manager who is an independent third party to the Group, and has the power and authority to manage and make decisions for the investments. Unlisted notes were acquired during the year ended 30 June 2023 and were classified as financial assets at FVTPL as they were held for trading. In addition, an unrealised gain of these unlisted notes amounting to approximately RMB1,908,000 (2022: unrealised loss of approximately RMB1,484,000) was also recognised to the condensed consolidated statement of profit or loss during the period ended 31 December 2023.

(c) The balance as of 30 June 2023 included the contingent consideration receivable arising from the profit guarantee in relation to the acquisition of 陝西品尚農產品貿易有限公司 (Shaanxi Pinshang Agricultural Products Trading Co., Ltd*) during the year ended 30 June 2023.

For the six months ended 31 December 2023, a fair value loss of approximately RMB61,000 (2022: Nil) was recognised to the condensed consolidated statement of profit or loss as the profit guarantee is fulfilled.

## 12. BIOLOGICAL ASSETS

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| At the beginning of the period/year | **2,251** | 910 |
| Increase due to cultivation | **1,170** | 2,748 |
| Realised loss from changes in fair value less costs to sell | **–** | (51) |
| Written-down of biological assets | **(145)** | (692) |
| Decrease due to harvested | **(2,644)** | (664) |
| At the end of the period/year | **632** | 2,251 |

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| Passion fruits | **632** | 2,251 |

*Note:*

The Group measured the fair value less costs to sell of passion fruits at the point of harvest based on market prices as at or close to the harvest dates.

## 12. 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 passion fruits. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

### *(3) Climate and other risks*

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

### *(4) Price risk*

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

## 13. TRADE AND OTHER RECEIVABLES

| | 31 December 2023 (unaudited) RMB'000 | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| Trade receivables, gross | **3,965** | 3,022 |
| Less: Allowance for ECL on trade receivables | **(31)** | (79) |
| Trade receivables, net *(note (a))* | **3,934** | 2,943 |
| Deposits paid and other receivables, gross | **11,581** | 12,986 |
| Less: Allowance for ECL on other receivables | **(6,540)** | (6,563) |
| Deposits paid and other receivables, net *(note (b))* | **5,041** | 6,423 |
| Trade and other receivables, net | **8,975** | 9,366 |

*Notes:*

(a) The Group generally granted a credit period of 30 days (30 June 2023: 30 days) to customers for sales of fruits, while no credit period was granted to sales of air-conditioners as the Group generally requests customers to pay in advance.

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

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

| | 31 December 2023 (unaudited) RMB'000 | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| Neither past due nor impaired | **3,852** | 2,709 |
| 1 to 30 days past due | **29** | 18 |
| 31 to 60 days past due | **–** | 4 |
| 61 to 90 days past due | **–** | – |
| Over 90 days past due | **53** | 212 |
| | **3,934** | 2,943 |

## 13. TRADE AND OTHER RECEIVABLES *(continued)*

*Notes: (continued)*

(a) (continued)

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

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| 1 to 30 days | **3,881** | 2,727 |
| 31 to 60 days | **–** | 4 |
| 61 to 90 days | **–** | – |
| Over 90 days | **53** | 212 |
| | **3,934** | 2,943 |

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

| | **RMB'000** |
|---|---|
| At 1 July 2023 (audited) | 79 |
| Reversal of ECL allowances recognised to the condensed consolidated profit or loss, net | (48) |
| **At 31 December 2023 (unaudited)** | **31** |

(b) At 31 December 2023, the gross balances mainly comprised of an amount due from the Cooperator amounting to approximately RMB10,795,000 (30 June 2023: RMB10,491,000) in relation to the management income distributions as mentioned in note 5(ii). The provision for ECL allowance on this amount due amounted to approximately RMB6,540,000 (30 June 2023: RMB6,540,000). The amount due was unsecured, non-interest bearing and repayable on demand.

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

| | **RMB'000** |
|---|---|
| At 1 July 2023 (audited) | 6,563 |
| Reversal of ECL allowance recognised to the condensed consolidated profit or loss, net | (23) |
| **At 31 December 2023 (unaudited)** | **6,540** |

## 14. LOAN RECEIVABLES

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| Loan receivables *(Note)* | **2,737** | 8,398 |
| Less: Allowance for ECL | **(29)** | (1,725) |
| | **2,708** | 6,673 |

*Note:* On 2 September 2022, the Group entered into a loan agreement with an individual, who is independent third party to the Group. The loan with principal amount of RMB8,000,000, carrying a fixed interest rate at 6% per annum and repayable on 1 June 2023, is guaranteed by Mr. Kung Chak Ming ("**Mr. Kung**"), a substantial shareholder of the Company. In May 2023, a supplementary agreement was entered to extend the repayment date to 31 December 2023 while other terms remain the same. The principal and interest receivables were fully settled during the six months ended 31 December 2023.

On 28 December 2023, the Group entered into a loan agreement with an individual, who is independent third party to the Group. The loan with principal amount of approximately RMB2,737,000, carrying a fixed interest rate at 8% per annum and repayable on 27 December 2024, is guaranteed by Mr. Kung.

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

| | **RMB'000** |
|---|---|
| At 1 July 2023 (audited) | 1,725 |
| Reversal of ECL allowance recognised to the condensed consolidated profit or loss | (1,725) |
| Provision for ECL allowance recognised to the condensed consolidated profit or loss | 29 |
| **At 31 December 2023 (unaudited)** | **29** |

The Group does not hold any collateral over these balances.

## 15. PREPAYMENTS

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| Prepayments to suppliers *(Note (a))* | **21,793** | 8,925 |
| Other prepayments *(Note (b))* | **6,050** | 6,032 |
| | **27,843** | 14,957 |

*Notes:*

(a) At 31 December 2023, the balance of approximately RMB21,793,000 (30 June 2023: RMB8,925,000) represented prepayments to the suppliers for the procurement of inventories, which were expected to be utilised as cost of inventories incurred within the next financial year. Included in the balance, the amount of approximately RMB7,588,000 (30 June 2023: RMB4,624,000) were pledged to secure the bank borrowings (note 18).

(b) The balance as at 31 December 2023 included prepayments of approximately RMB6,000,000 (30 June 2023: RMB6,000,000) to the Cooperator in relation to consultation fee on plantation, which were expected to be utilised as expenses within the next financial year.

## 16. CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

| | 31 December 2023 (unaudited) | | 30 June 2023 (audited) | |
|---|---|---|---|---|
| | Number of shares | Carrying amount HK$'000 | Number of shares | Carrying amount HK$'000 |
| **Authorised:** | | | | |
| Ordinary shares of HKD0.01 each | | | | |
| At the beginning of the period/year and at the end of the period/year | 5,000,000,000 | 50,000 | 5,000,000,000 | 50,000 |
| **Issued and fully paid:** | | | | |
| At the beginning of the period/year | 2,499,637,884 | 24,996 | 2,499,637,884 | 24,996 |
| Issue of shares pursuant to Rights Issue *(Note)* | 480,467,975 | 4,805 | – | – |
| At the end of the period/year | 2,980,105,859 | 29,801 | 2,499,637,884 | 24,996 |
| | | RMB'000 | | RMB'000 |
| Equivalent to | | 27,334 | | 22,831 |

*Note:* On 13 October 2023, the Company announced a proposed rights issue on the basis of one rights share for every two shares in issue at a subscription price of HK$0.035 per rights share to raise up to approximately HK$43,700,000 before expenses. On 7 November 2023, the Company allotted and issued 480,467,975 ordinary shares of HK$0.035 each by way of rights issue and the number of issued shares of the Company was increased to 2,980,105,859. The proceeds from the Rights Issue were approximately HK$16,816,000 (equivalent to approximately RMB15,761,000) by which the share capital increased by approximately HK$4,805,000 (equivalent to approximately RMB4,503,000) and the remaining proceeds of approximately HK$12,011,000 (equivalent to approximately RMB11,258,000) were credited to the share premium account.

## 16. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

### *(a)* ***Share capital*** *(continued)*

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

### *(b)* ***Dividends***

No interim dividend has been paid or proposed by the Company during the six months ended 31 December 2023 (six months ended 31 December 2022: Nil).

### *(c)* ***Capital management***

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

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

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

## 17. TRADE AND OTHER PAYABLES

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| Trade payables *(Note (a))* | **5,865** | 23,322 |
| Other payables and accruals *(Note (b))* | **2,927** | 2,864 |
| Accrued staff costs | **842** | 686 |
| Amount due to a former director *(Note(c))* | **–** | 142 |
| | **9,634** | 27,014 |

## 17. TRADE AND OTHER PAYABLES *(continued)*

*Notes:*

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

Ageing analysis of trade payables by invoice date is shown as follows:

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| Within 3 months | **5,694** | 22,788 |
| Over 3 months but within 1 year | **34** | 354 |
| Over 1 year | **137** | 180 |
| | **5,865** | 23,322 |

(b) At 31 December 2023, other payables and accruals mainly comprise of accrued legal and professional fees of approximately RMB1,052,000 (30 June 2023: RMB1,443,000). The balances of other payables and accruals are expected to be settled within one year or are repayable on demand.

(c) The amount due to a former executive director of the Company, Mr. Ng Ong Nee as at 30 June 2023 was unsecured, non-interest bearing and repayable on demand.

## 18. BANK BORROWINGS

As at 30 June 2023, the bank borrowings amounting to RMB3,428,000 were secured by certain prepayments to the supplier which amounted to approximately RMB4,624,000. These bank borrowings carried at fixed interest rates ranging from 6.12% to 7.13% per annum and are repayable by monthly instalments and due in December 2024.

During the six months ended 31 December 2023, the Group obtained secured bank loans amounting to RMB6,900,000 which were directly deposited to the supplier by the banks.

Included in the balance of the bank borrowings as at 31 December 2023, RMB4,185,000 were secured by certain prepayments to the supplier which amounted to approximately RMB7,588,000 and carried at fixed interest rates ranging from 6.12% to 7.13% per annum and are repayable by monthly instalment over a period of 2 years, while RMB5,000,000 was secured by a personal guarantee granted by the legal representative of Jinlong Construction.

## 19. CAPITAL COMMITMENTS

| | **31 December 2023 (unaudited) RMB'000** | 30 June 2023 (audited) RMB'000 |
|---|---|---|
| Capital expenditure contracted for but not provided for: | | |
| Contribution to the registered capital of a joint venture company | **10,010** | – |
| | **10,010** | – |

On 24 November 2023, a wholly owned subsidiary of the Company, namely Cheer Kind Limited ("**Cheer Kind**"), entered into a joint venture agreement ("**JV Agreement A**") with Shenzhen Xili Technology Co., Ltd.* (深圳熙黎科技有限公司) ("**JV Partner A**") pursuant to which the parties agreed to establish a joint venture company ("**JV Company A**"), whom business scope shall cover used cars intermediary and trading business in the PRC. In accordance with the JV Agreement A, Cheer Kind and the JV Partner A shall contribute their respective portion of the registered capital of the JV Company A, in cash, namely RMB10,010,000 (equivalent to approximately HK$11,011,000) by Cheer Kind and RMB4,290,000 (equivalent to approximately HK$4,719,000) by the JV Partner A, within six months of the JV Company A's establishment. The Group intends to finance its portion of the capital contribution in the JV Company from its internal resources. For further details, please refer to the announcement of the Company dated 24 November 2023.

## 20. RELATED PARTY TRANSACTIONS

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

### *(a) Balances with related parties*

The amount due to a former executive director of the Company, Mr. Ng Ong Nee at 30 June 2023 is set out in note 17.

### *(b) Office accommodation arrangement*

Office accommodation charges disclosed in note 6(c) included a sum of approximately RMB1,334,000 (six months ended 31 December 2022: RMB1,291,000) in respect of a short-term arrangement for the provision of office accommodation and related facilities by a company of which is controlled by Mr. Kung and Mr. Kung and Mr. James Francis Bittl are the directors of the company.

## 20. RELATED PARTY TRANSACTIONS *(continued)*

### *(c) Compensation of key management personnel*

| | Six months ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | **(unaudited)** | (unaudited) |
| | **RMB'000** | RMB'000 |
| Short-term employee benefits | **855** | 1,432 |
| Contributions to defined contribution retirement plans | **8** | 8 |
| | **863** | 1,440 |

### *(d) Purchase of air-conditioners from a related party*

On 3 February 2023, 深圳市金龍建設工程有限公司 (Shenzhen Jinlong Construction Engineering Co., Ltd.*) ("**Jinlong Construction**"), an indirectly wholly-owned subsidiary of the Company, as purchaser, and 深圳市金龍空調電器有限公司 (Shenzhen Jinlong Air Conditioning Electric Co., Ltd.*) ("**JAC**"), as seller entered into a framework agreement (the "**Framework Agreement**"), pursuant to which Jinlong Construction has conditionally agreed to purchase, and JAC has conditionally agreed to sell the electrical appliances (including air conditioners) during the period from the date of the Framework Agreement to 30 June 2025. The price and terms of the purchase will be determined after arm's length negotiation between the Group and JAC based on normal commercial terms. No guarantee was given or received in accordance to the Framework Agreement. The ultimate beneficial owner of JAC is Mr. Kung Hoi Pang who is the relative of Mr. Kung.

During the six months ended 31 December 2023, the Group purchased air-conditioners amounting to approximately RMB15,611,000 (six months ended 31 December 2022: Nil) from JAC. As at 31 December 2023, the Group has a prepayment made to JAC of approximately RMB9,001,000 which included in the prepayments (note 15) (30 June 2023: trade payables to JAC of approximately RMB7,731,000 which included in the trade payables (note 17)).

## 21. COMPARATIVE FIGURES

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

## 22. EVENTS AFTER THE REPORTING PERIOD

(a) On 14 December 2023, the Company proposed the capital reorganisation ("**Capital Reorganisation**") to be implemented in the following manner:

(i) the share consolidation ("**Share Consolidation**") whereby every two hundred (200) issued and unissued existing shares ("**Existing Shares**") of par value of HK$0.01 each will be consolidated into one (1) consolidated share ("**Consolidated Share**") of par value of HK$2.00 each;

(ii) immediately following the Share Consolidation becoming effective, the capital reduction ("**Capital Reduction**") whereby the issued share capital of the Company will be reduced from an amount of approximately HK$29,801,000 by an amount of approximately HK$29,652,000 to an amount of approximately HK$149,000 such that the par value of each issued Consolidated Share be reduced from HK$2.00 to HK$0.01 by (a) an elimination of any fraction of a Consolidated Share arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (b) a cancellation of HK$1.99 of the paid-up capital of the Company on each issued Consolidated Share so that each issued Consolidated Share will be treated as one (1) fully paid-up share of par value HK$0.01 each in the share capital of the Company;

(iii) immediately following the Share Consolidation becoming effective, the sub-division ("**Sub-division**"), whereby each authorised but unissued Consolidated Shares (including the authorized unissued Consolidated Shares arising from the Capital Reduction) be subdivided into two hundreds (200) authorised but unissued New Shares of par value HK$0.01 each so that immediately following the Capital Reorganisation, the authorised share capital of the Company shall remain HK$50,000,000 divided into 5,000,000,000 New Shares;

(iv) immediately following the Capital Reduction and Sub-division becoming effective, the entire amount standing to the credit of the share premium account of the Company is proposed to reduce to nil ("**Share Premium Reduction**"); and

(v) upon the Capital Reorganisation becoming effective, the credits arising from the Capital Reduction and the Share Premium Reduction of HK$29,652,053.30 will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act to then be applied to set off the accumulated losses of the Company or be applied by the Board in a manner as permitted by the Bye-Laws and all applicable laws of Bermuda from time to time without further authorisation from the shareholders.

The proposed Capital Reorganisation was passed and approved as the special resolution by the shareholders at a special general meeting held on 19 February 2024. Accordingly, the Capital Reorganisation has become effective from 21 February 2024. As a result, the Company has 14,900,529 Consolidated Shares in issue and the authorised share capital of the Company remains at HK$50,000,000, which is divided into 5,000,000,000 ordinary shares.

For details, please refer to the announcements of the Company dated 14 December 2023 and 27 December 2023, and the circular of the Company dated 22 January 2024.

## 22. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(b) On 14 February 2024, a wholly owned subsidiary of the Company, namely Cheer Kind, entered into a joint venture agreement ("**JV Agreement B**") with Hangzhou Leshu Digital Technology Co., Ltd.* (杭州樂書數字科技有限公司) ("**JV Partner B**") pursuant to which the parties agreed to establish a joint venture company ("**JV Company B**"), whom business scope shall cover the provision of supply chain finance technology solution in the PRC. In accordance with the JV Agreement B, Cheer Kind or its wholly owned subsidiary and the JV Partner B shall contribute their respective portion of the registered capital of the JV Company B, in cash, namely RMB10,200,000 by Cheer Kind and RMB9,800,000 by JV Partner B, within 24 months after the establishment of the JV Company B, or an extended time as may be agreed between the contracting parties. The Group intends to finance its portion of the capital contribution in the JV Company B from its internal resources. For further details, please refer to the announcement of the Company dated 14 February 2024.

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

As at 31 December 2023, 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 Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules, were as follows:

| Name of Director/ Chief Executive | Class of shares | Capacity/Nature of Interest | Number of Shares | Approximate percentage of the Company's total issued share capital | Long position/ Short position/ Lending pool |
|---|---|---|---|---|---|
| Ms. Li Ziying | Ordinary shares | Interest of spouse | 889,897,000 | 29.86% | Long position |

*Note*: Ms. Li Ziying is the spouse of Mr. Kung Chak Ming, Ms. Li Ziying is therefore deemed to be interested in all the shares in which Mr. Kung Chak Ming is interested under the SFO, which is 889,897,000 shares.

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 31 December 2023 as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2023, so far as is known to the Directors, the substantial shareholders and persons or companies (other than the Directors and the Chief Executives of the Company) who/which had an interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Division 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

| Name | Capacity/ Nature of interests | Number of shares held | Approximate percentage of interest in the issued shares of the Company |
|---|---|---|---|
| Mr. Kung Chak Ming *(Note 1)* | Beneficial owner/Personal | 889,897,000 | 29.86% |
| Mr. Xu Guodian *(Note 2)* | Beneficial owner/Personal | 276,243,000 | 9.27% |
| Mr. Liu Peng *(Note 3)* | Beneficial owner/Personal | 221,981,000 | 7.45% |
| Changjiang Tyling Management Company Limited ("**Changjiang Tyling**") *(Note 4)* | Beneficial owner/Corporate | 179,252,394 | 6.01% |
| Mr. Ng Ong Nee *(Note 4)* | Interest in a controlled corporation | 179,252,394 | 6.01% |

*Notes:*

(1) 419,298,000 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 whereas 470,599,000 were issued to him resulting from the completion of Rights Issue.

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

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

(4) Changjiang Tyling is 50% owned by Mr. Ng Ong Nee (who is the former Chairman, Executive Director and Chief Executive Officer of the Company) and 50% owned by a third party independent to the Company and its connected persons. Mr. Ng Ong Nee (who is also a director of Changjiang Tyling) is deemed to be interested in 179,252,394 shares held by Changjiang Tyling by virtue of the SFO.

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

## SHARE OPTION SCHEME

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

The 2020 Share 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. The vesting period shall not be less than 12 months except for employee participants who may be subject to a shorter vesting period under specific circumstances, for which an option must be held or a performance target which must be achieved before it can be exercised.

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

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

No share option was granted, cancelled or exercised or lapsed pursuant to the 2020 Share Option Scheme during the six months ended 31 December 2023 and none of the Directors nor the Chief Executives of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations within the meaning of the SFO.

As at 31 December 2023, the total number of shares available for issue under the 2020 Share Option Scheme shall be 149,005,293, representing approximately 5% of the entire issued share capital of the Company (745,026 shares after the Capital Reorganisation effected on 21 February 2024) and the Company had no outstanding share options under the 2020 Share Option Scheme.

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

On 19 April 2021, the Company completed of a placing of an aggregate of 1,250,000,000 placing shares at HK$0.08 for each placing share to not less than six placees who and whose ultimate beneficial owner(s) are independent third parties pursuant to the terms and conditions of a placing agreement dated 19 January 2021 (the "**Placing**"). For further details, please refer to the Company's announcements dated 19 January 2021, 20 January 2021, 8 April 2021 and 19 April 2021 and the Company's circular dated 16 March 2021 ("**Transaction Circular**"). 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), were approximately HK$94.7 million (the "**Net Proceeds**").

As set out in the Transaction Circular, the Net Proceeds were intended to be used for the following purposes:

(i) approximately HK$68.4 million would be used for the financing of the consideration ("**Consideration**") in respect of the acquisition of the land and properties (the "**Land and Properties**");

(ii) approximately HK$11.0 million would be used for the refurbishment of the Land and Properties; and

(iii) approximately HK$15.3 million would be used for the working capital of the Group for daily operations.

As at 31 December 2023, the Company had utilised approximately HK$83.7 million of the Net Proceeds for the financing the Consideration in respect of the acquisition of the Land and Properties and for the Group's working capital for daily operations and approximately HK$11.0 million remained unutilised.

Pursuant to the Company's announcement dated 5 January 2024 in relation to the change in use of proceeds from Placing, in light of the Group's business environment, operation needs, business segments and their future prospects, the Board has resolved that it would be in the best interest of the Company and the shareholders to reallocate the unutilized net proceeds of HK$11.0 million which was originally allocated for the refurbishment of the Land and Properties to (i) HK$2 million for the potential refurbishment of the Land and Properties; (ii) HK$5 million towards the Plantation Business for passion fruits, mainly including cost for labour, fertilisers and seedlings; and (iii) HK$4 million for the working capital of the Group for daily operations. The unutilised Net Proceeds are expected to be utilised by 30 June 2025.

An analysis of the utilisation of the Net Proceeds as at 31 December 2023 and the change in the use of the unutilised Net Proceeds is set out as below:

| | Planned use of the Net Proceeds as disclosed in the Transaction Circular HK$'000 | Actual use of the Net Proceeds from the date of completion of the Placing up to 31 December 2023 HK$'000 | Unutilised Net Proceeds as at 31 December 2023 HK$'000 | Reallocation of the unutilised Net Proceeds HK$'000 | Expected timeline |
|---|---|---|---|---|---|
| Financing of the Consideration | 68,400 (72.2%) | 68,400 (72.2%) | – (0.0%) | – (0.0%) | N/A |
| Refurbishment of the Land and Properties | 11,000 (11.6%) | 11,000 (11.6%) | 11,000 (11.6%) | 2,000 (2.1%) | 30 June 2025 |
| Plantation Business | N/A | N/A | N/A | 5,000 (5.3%) | 30 June 2025 |
| Working capital of the Group for daily operations | 15,300 (16.2%) | 15,300 (16.2%) | – (0.0%) | 4,000 (4.2%) | 30 June 2025 |
| Total | 94,700 (100%) | 83,700 (88.4%) | 11,000 (11.6%) | 11,000 (11.6%) | |

## RIGHTS ISSUE AND USE OF THE NET PROCEEDS

On 11 September 2023, the Company announced that the Board proposed to implement the rights issue on the basis of one (1) rights share for every two (2) existing Shares in issue at the subscription price of HK$0.035 per rights share, to raise up to approximately HK$43.7 million before expenses by way of issuing up to 1,249,818,942 rights shares.

On 7 November 2023, the Company completed the Rights Issue and issued 480,467,975 rights shares. The net proceeds from the Rights Issue was approximately HK$15.5 million.

Further details of the Rights Issue were set out in the Company's announcements dated 11 September 2023, 25 September 2023 and 6 November 2023, together with the Company's prospectus dated 13 October 2023 (collectively "**Rights Issue Documents**").

The following table sets out the details of the intended use of net proceeds as stated in the Rights Issue Documents, the actual use of net proceeds up to 31 December 2023, the remaining balance of unutilised net proceeds as at 31 December 2023 and the expected timeline for utilising the remaining unutilised net proceeds:

| Intended use of net proceeds from rights issue | Planned HK$'000 | Actual HK$'000 | Unutilised HK$'000 | Expected timeline |
|---|---|---|---|---|
| | (Approximate percentage of the net proceeds) | | | |
| Expansion and development of the Air-conditioners Distribution Business | | | | |
| (a) Purchase of inventories | 7,130<br>(46.0%) | 7,130<br>(46.0%) | –<br>N/A | 31 December 2024 |
| (b) Rental cost of warehouse in Shenzhen | 728.5<br>(4.7%) | 129.5<br>(0.8%) | 599.0<br>(3.9%) | 31 December 2024 |
| (c) Staff costs of additional headcounts | 1,612<br>(10.4%) | –<br>N/A | 1,612<br>(10.4%) | 31 December 2024 |
| (d) Repayment of bank borrowings | 1,379.5<br>(8.9%) | 473.4<br>(3.0%) | 906.1<br>(5.9%) | 31 December 2024 |
| Financing any investment opportunities | 3,100<br>(20.0%) | –<br>N/A | 3,100<br>(20.0%) | 31 December 2024 |
| General working capital | 1,550<br>(10.0%) | 1,550<br>(10.0%) | –<br>N/A | 31 December 2024 |
| Total | 15,500<br>(100%) | 9,282.9<br>(59.8%) | 6,217.1<br>(40.2%) | |

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

The Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell of any of such listed securities during the six months ended 31 December 2023.

## CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2023, the Directors, where practicable, sought to adopt the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

The Company has complied with all the Code Provisions of the CG Code.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in its securities. Following a specific enquiry made to all Directors by the Company, each of them has confirmed that he/she had fully complied with the required standard as set out in the Model Code throughout the six months ended 31 December 2023.

## CHANGES IN THE COMPOSITION OF THE BOARD

Change in the composition of the Board during the six months ended 31 December 2023 and up to the date of this report are as follows:

(i) Mr. Lai Zheng resigned as an independent non-executive Director with effect from 31 October 2023.

(ii) Mr. Ng Ong Nee resigned as executive Director, the chairman of the Board, the chief executive officer with effect from 25 November 2023.

(iii) Ms. Li Ziying was appointed as an executive Director and chairman of the Board on 25 November 2023.

## REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board (the "**Audit Committee**") comprises three independent non-executive Directors as members, Mr. Liu Ruiqiang, Mr. Wang Tianshi and Ms. Liu Jie, and Mr. Liu Ruiqiang was the chairman of the committee.

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

The Audit Committee has reviewed with the management regarding the accounting principles and practices adopted by the Group and has also discussed the internal control and financial reporting matters, including the review of the Group's unaudited consolidated financial statements and interim report for the six months ended 31 December 2023.

## PUBLICATION OF INTERIM REPORT

The interim report of the Company containing all the information required by the Listing Rules will be made available on the respective websites of the Company (www.asian-citrus.com) under the investor relations section and the Stock Exchange (www.hkex.com.hk) in due course and dispatched to the shareholders, upon request.

By Order of the Board
**Asian Citrus Holdings Limited**
**Li Ziying**
*Chairman*

Hong Kong, 28 February 2024

# COMPANY INFORMATION

## DIRECTORS

### *Executive Directors*

Ms. LI Ziying *(Chairman)*
*(appointed on 25 November 2023)*
Mr. NG Ong Nee *(Chairman and Chief Executive Officer)*
*(resigned on 25 November 2023)*

### *Non-executive Director*

Mr. James Francis BITTL

### *Independent Non-executive Directors*

Mr. LIU Ruiqiang
Mr. LAI Zheng *(resigned on 31 October 2023)*
Mr. WANG Tianshi
Ms. LIU Jie

## COMPANY SECRETARY

Mr. TSE Chi Hong

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2510, 25/F,
Arion Commercial Centre,
2–12 Queen's Road West,
Sheung Wan, Hong Kong

## REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
Bermuda HM11

## AUDITOR

Moore CPA Limited
Registered Public Interest Entity Auditor
801–806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

## BERMUDA AND BVI LEGAL ADVISER

Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central, Hong Kong

## JERSEY SHARE REGISTRAR

Computershare Investor Services (Jersey) Limited
Computershare Channel Islands
13 Castle Street
St. Helier, Jersey CI, JE1 1ES

## BERMUDA SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

## STOCK CODE

The Stock Exchange of Hong Kong Limited: 73

## WEBSITE

www.asian-citrus.com