

Condensed Consolidated Interim Financial Statements  
**Yamada Green Resources Limited**  
**and its subsidiaries**

Six months ended 31 December 2022

# Independent auditor's report on review of condensed consolidated interim financial statements

The Board of Directors  
Yamada Green Resources Limited

## Introduction

We have reviewed the accompanying statement of financial position of Yamada Green Resources Limited (the "Company") and the condensed consolidated statement of financial position of the Company and its subsidiaries (the "Group") as at 31 December 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes (the "Condensed Consolidated Interim Financial Statements"). Management is responsible for the preparation and presentation of this Condensed Consolidated Interim Financial Statements in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Condensed Consolidated Interim Financial Statements based on our review.

## Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the Condensed Consolidated Interim Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Statements is not prepared, in all material respects, in accordance with SFRS(I) 1-34 *Interim Financial Reporting*.

# Independent auditor's report on review of condensed consolidated interim financial statements (Cont'd)

## Other Matter

### Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Condensed Consolidated Interim Financial Statements for the purpose of assisting the Company to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Company's announcement of its Condensed Consolidated Interim Financial Statements for the information of its members. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusion we have reached in our report.



Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Singapore, 9 February 2023

## Condensed consolidated statements of financial position as at 31 December 2022

		The Company		The Group	
	Note	31 December 2022 RMB'000	30 June 2022 RMB'000	31 December 2022 RMB'000	30 June 2022 RMB'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	-	-	56,821	58,841
Intangible assets		-	-	19	31
Investment properties	5	7,685	7,685	241,514	235,236
Investments in subsidiaries	6	149,499	147,780	-	-
		157,184	155,465	298,354	294,108
<b>Current Assets</b>					
Inventories		-	-	8,836	15,712
Trade and other receivables		167,570	171,415	9,709	9,401
Prepayments		13	61	1,931	61
Cash and bank balances		1,196	161	12,876	17,788
		168,779	171,637	33,352	42,962
<b>Total assets</b>		<b>325,963</b>	<b>327,102</b>	<b>331,706</b>	<b>337,070</b>
<b>EQUITY</b>					
<b>Capital and Reserves</b>					
Share capital		322,210	322,210	322,210	322,210
Share-based payment reserve		2,016	2,016	2,016	2,016
Statutory reserve		-	-	72,449	72,449
Revaluation reserve		-	-	43,782	43,782
Other reserve		-	-	29,349	29,349
Accumulated losses		(42,491)	(42,166)	(185,668)	(185,768)
<b>Total equity attributable to owners of the Company</b>		<b>281,735</b>	<b>282,060</b>	<b>284,138</b>	<b>284,038</b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Bank borrowings	7	3,616	3,674	3,616	3,674
Deferred tax liabilities		-	-	31,317	31,317
		3,616	3,674	34,933	34,991
<b>Current Liabilities</b>					
Trade and other payables		40,145	41,041	12,168	17,714
Bank borrowings	7	467	327	467	327
		41,612	41,368	12,635	18,041
<b>Total liabilities</b>		<b>44,228</b>	<b>45,042</b>	<b>47,568</b>	<b>53,032</b>
<b>Total equity and liabilities</b>		<b>325,963</b>	<b>327,102</b>	<b>331,706</b>	<b>337,070</b>

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

## Condensed consolidated statement of profit or loss and other comprehensive income

for the six months ended 31 December 2022

The Group	Note	Six months ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	8	21,431	28,919
Cost of sales		(19,732)	(25,984)
Gross profit		1,699	2,935
Revenue from rental income from investment properties	8	4,693	4,485
Other operating income		453	1,420
Selling and distribution expenses		(721)	(794)
Administrative expenses		(5,958)	(7,081)
Other operating expenses		(12)	(162)
Finance costs		(54)	(80)
Profit before taxation	9	100	723
Taxation	10	-	(74)
Net profit, and total comprehensive income for the period attributable to owners of the Company		100	649
		Cents RMB	Cents RMB
Earnings per share:			
- Basic	12	0.1	0.4
- Diluted	12	0.1	0.4

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

## Condensed consolidated statement of changes in equity

for the six months ended 31 December 2022

The Group	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Revaluation reserve - non- distributable RMB'000	Other reserve - non- distributable RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 July 2022	322,210	2,016	72,449	43,782	29,349	(185,768)	284,038
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	100	100
At 31 December 2022	322,210	2,016	72,449	43,782	29,349	(185,668)	284,138

  

The Group	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Revaluation reserve - non- distributable RMB'000	Other Reserve - non- distributable RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 July 2021	322,210	2,016	72,449	42,805	29,349	(188,356)	280,473
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	-	649	649
At 31 December 2021	322,210	2,016	72,449	42,805	29,349	(187,707)	281,122

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

## Condensed consolidated statement of cash flows

for the six months ended 31 December 2022

	Six months ended 31 December	
	2022	2021
The Group	RMB'000	RMB'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	100	723
Adjustments for:		
Depreciation of property, plant and equipment	1,722	1,551
Amortisation of intangible assets	12	12
Property, plant and equipment written off	3	-
Exchange (gain)/loss	(562)	319
Interest expense	54	80
Interest income	(17)	(195)
Operating cash flows before working capital changes	1,312	2,490
Decrease in inventories	6,876	2,496
Increase in trade and other receivables and prepayments	(1,507)	(588)
Decrease in trade and other payables	(5,249)	(210)
Cash generated from operations	1,432	4,188
Income tax paid	-	(74)
Interest received	17	195
Net cash generated from operating activities	1,449	4,309
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(46)	(508)
Acquisition of investment properties	(6,278)	-
Net cash used in investing activities	(6,324)	(508)
<b>Cash Flows from Financing Activities</b>		
Repayment of bank borrowings – principal	(215)	(2,163)
Repayment of bank borrowings – interest	(54)	(80)
Net cash used in financing activities	(269)	(2,243)
Net (decrease)/increase in cash and cash equivalents	(5,144)	1,558
Cash and cash equivalents at beginning of period	17,788	29,121
Effect on foreign exchange of rate changes on cash and cash equivalents	232	(215)
Cash and cash equivalents at end of period	12,876	30,464

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

# Notes to the condensed consolidated interim financial statements

These notes form an integral part of the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were authorised for issue by the directors on 9 February 2023.

## 9 Corporate information

The Company was incorporated in Singapore on 8 February 2010 as a private limited company under the name Yamada Green Resources Pte. Ltd. On 28 September 2010, the Company was converted into a public company and assumed the present name of Yamada Green Resources Limited. The Company was listed on the SGX-ST on 8 October 2010.

The registered office of the Company is located at 7 Temasek Boulevard #32-01 Suntec Tower One, Singapore 038987. The principal place of business is at No. 2 Dongling Road, Minhou Economic and Technological Development Zone, Ganzhe Street Minhou County, Fuzhou City, Fujian Province, the People's Republic of China ("PRC").

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are :

- Production and sales of processed food products;
- Sales of edible fungi; and
- Rental revenue from investment properties.

## 2 Basis of preparation

The condensed consolidated interim financial statements of the Group has been prepared on a condensed basis in accordance with the Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*. They do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2022.

The condensed consolidated interim financial statements, which do not include the full disclosures of the type normally included in full annual financial statements prepared in accordance with the SFRS(I)s, are to be read in conjunction with the last audited financial statements for the year ended 30 June 2022.

Accounting policies and methods of computation used in the condensed consolidated interim financial statements are consistent with those applied in the financial statements for the year ended 30 June 2022, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standard as set out in Note 2.1.

The condensed consolidated interim financial statements is presented in Renminbi ("RMB") which is the Company's functional currency. All financial information presented in RMB has been rounded to the nearest thousand ("RMB'000") unless otherwise stated.



## **2.1 Adoption of new and amended standards**

A number of amendments to Standards have become applicable for the current reporting period:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020:		
- Amendments to SFRS(I) 9	<i>Fees in the '10 per cent' Test for Derecognition of Financial Liabilities</i>	1 January 2022
- Amendments to SFRS(I) 16	<i>Lease Incentives</i>	1 January 2022
- Amendments to SFRS(I) 1-41	<i>Taxation in Fair Value Measurements</i>	1 January 2022

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards, where applicable.

## **2.2 Use of judgements and estimates**

In preparing the condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the financial year ended 30 June 2022.

### **Measurement of fair values**

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the group audit committee.

## **2.2 Use of judgements and estimates (Cont'd)**

### **Measurement of fair values (Cont'd)**

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## **3 Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**Yamada Green Resources Limited and its subsidiaries**  
**Notes to the condensed consolidated interim financial statements**  
**Six months ended 31 December 2022**

10

**4 Property, plant and equipment**

The Company

During the six months ended 31 December 2022, the Company has no acquisition of assets (31 December 2021 – Nil) and no disposal of assets (31 December 2021 – Nil).

The Group

	Leasehold buildings and structural improvements RMB'000 (At valuation)	Land use rights RMB'000 (At valuation)	Motor vehicles RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Fixtures and fittings RMB'000	Total RMB'000
<b>At 30 June 2022</b>							
At Valuation/Cost	40,814	19,157	384	25	6,416	273	67,069
Accumulated depreciation and impairment loss	(1,535)	(5,957)	(214)	(24)	(318)	(180)	(8,228)
Net book value at 30 June 2022	39,279	13,200	170	1	6,098	93	58,841
<b>6 months ended 31 December 2022</b>							
At Valuation/Cost							
At 1 July 2022	40,814	19,157	384	25	6,416	273	67,069
Additions	-	-	-	-	32	14	46
Written off	-	-	-	-	(5)	(1)	(6)
Other adjustments	-	-	-	-	(341)	-	(341)
At 31 December 2022	40,814	19,157	384	25	6,102	286	66,768
Accumulated depreciation and impairment loss							
At 1 July 2022	1,535	5,957	214	24	318	180	8,228
Written off	-	-	-	-	(2)	(1)	(3)
Depreciation for the period	1,183	271	34	1	212	21	1,722
At 31 December 2022	2,718	6,228	248	25	528	200	9,947
Net book value							
At 31 December 2022	38,096	12,929	136	-	5,574	86	56,821

#### **4 Property, plant and equipment (Cont'd)**

Included in property, plant and equipment are rights-of-use assets of:

	31 December 2022 RMB'000	30 June 2022 RMB'000
The Group		
Net book value		
- leasehold buildings	29,838	30,807
- land use rights	12,929	13,200
	<b>42,767</b>	<b>44,007</b>

The Group has estimated the carrying amount of the rights-of-use assets in accordance with the fair value determined on 30 June 2022 and are depreciated on a straight-line basis over their estimated useful lives. The Group's rights-of-use assets are stated at estimated fair value based on the valuation performed by independent professional valuers who are appointed annually to perform the valuation as at each financial year-end of the Group. The recoverable amount is based on their fair value less costs to sell as determined using income approach, which is a fair value hierarchy Level 3 measurement.

There is much uncertainty in which the COVID-19 pandemic will continue to persist with implications of higher levels of estimation uncertainty and judgement required due to the changes in market and economic conditions which could give rise to material valuation uncertainty.

#### **5 Investment properties**

	Leasehold buildings RMB'000	Total RMB'000
The Company		
<b>At 30 June 2022</b>		
At valuation		
Fair value at 30 June 2022	7,685	7,685

##### **6 months ended 31 December 2022**

At valuation		
At 1 July 2022	7,685	7,685
Fair value adjustments	-	-
Fair value at 31 December 2022	<b>7,685</b>	<b>7,685</b>

	Leasehold buildings RMB'000 (At valuation)	Land use rights RMB'000 (At valuation)	Total RMB'000
The Group			
<b>At 30 June 2022</b>			
At valuation			
Fair value at 30 June 2022	224,136	11,100	235,236

##### **6 months ended 31 December 2022**

At valuation			
At 1 July 2022	224,136	11,100	235,236
Additions*	6,278	-	6,278
Fair value adjustments	-	-	-
Fair value at 31 December 2022	<b>230,414</b>	<b>11,100</b>	<b>241,514</b>

\* Relates to subsequent expenditures on renovations and improvements to existing leasehold building which are capitalised.

## **5 Investment properties (Cont'd)**

The Group's investment properties (including land use rights) are stated at estimated fair value based on the valuation performed by independent professional valuers who are appointed annually to perform valuation as at each financial year end of the Group. Independent valuers were not appointed to perform valuation of the investment properties as at 31 December 2022. However, the Group had taken into account the factors such as the market rental rates, changes in tenants and the use of available space during this financial period. There is no significant impact as to the fair value of the investment properties as at 31 December 2022.

The fair value of the investment properties as at financial year ended 30 June 2022 was based on valuations performed by independent professional valuers, Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. and Savills Valuation and Professional Services Limited.

The valuers have considered possible valuation techniques including the depreciated replacement cost approach, direct comparable method and income capitalisation approach in arriving at the open market value as at the balance sheet date. The direct comparable method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The capitalisation rate applied for the valuation of investment properties was 4.5% - 5.5% for the financial year ended 30 June 2022 (30 June 2021 - 4.5% - 5.5%).

At each financial year end, the Group's finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to prior year valuation report; and
- holds discussions with the independent valuer.

There is much uncertainty in which the COVID-19 pandemic will continue to persist with implications of higher levels of estimation uncertainty and judgement required due to the changes in market and economic conditions which could give rise to material valuation uncertainty.

## **6 Investments in subsidiaries**

	<b>31 December 2022 RMB'000</b>	<b>30 June 2022 RMB'000</b>
The Company		
Unquoted equity investments, at cost	<b>163,975</b>	163,975
<u>Impairment loss on investments in subsidiaries</u>		
Balance at beginning of period/year	<b>(16,195)</b>	(10,218)
Impairment loss for the period/year	-	(5,977)
Reversal of impairment loss for the period/year	<b>1,719</b>	-
	<b>(14,476)</b>	(16,195)
Balance at end of period/year	<b>149,499</b>	147,780

During the financial year ended 30 June 2022, the Company assessed the carrying amounts of its investments in subsidiaries for indicators of impairment and carried out a review on the recoverable amounts of its investments in subsidiaries. Under this assessment, the Company recognised an impairment loss of RMB 5,977,000 for subsidiaries from the Investment Properties segment where the recoverable amount was higher than the carrying amount. During the financial period ended 31 December 2022, the Company has reversed impairment loss of RMB 1,719,000 for subsidiaries from the Investment Properties Segment where the recoverable amounts were higher than the carrying amounts.

**7 Bank borrowings**

	The Company 31 December 2022 RMB'000	30 June 2022 RMB'000	The Group 31 December 2022 RMB'000	30 June 2022 RMB'000
Secured bank loan:				
#1 Term loan	4,083	4,001	4,083	4,001
Amount repayable:				
Not later than one year	467	327	467	327
Later than one year and not later than five years	1,866	1,308	1,866	1,308
Later than five years	1,750	2,366	1,750	2,366
	3,616	3,674	3,616	3,674
	4,083	4,001	4,083	4,001

The term loan of S\$789,000 or equivalent to RMB 4,083,000 (30 June 2022 – S\$ 831,000 or equivalent to RMB 4,001,000) is repayable over 102 (30 June 2022 – 108) monthly instalments commencing from 13 July 2016 with a principal payment of S\$ 9,904 (30 June 2022 – S\$ 7,022) plus any applicable interest.

The Company has financial covenants attached to this term loan which relate to restriction of limits imposed on certain ratios to be maintained. During the financial period ended 31 December 2022, there are no known instances of any breach of covenants.

As at the end of the reporting period, the effective interest rate of the term loan ranges from 2.08% to 2.67% (30 June 2022 – 1.88% to 2.08) per annum.

**8 Revenue**

	Six months ended 31 December 2022 RMB'000	2021 RMB'000
The Group		
Processed food and food products – point in time	21,431	28,919
Revenue from rental income from investment properties – over time	4,693	4,485
	26,124	33,404

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point of time in the following major products lines and geographical regions. Revenue is attributed to countries by location of customers.

	At point in time RMB'000	Over time RMB'000	Total RMB'000
<b>6 months ended 31 December 2022</b>			
- Japan	21,001	-	21,001
- PRC	430	4,567	4,997
- Singapore	-	126	126
	21,431	4,693	26,124
<b>6 months ended 31 December 2021</b>			
- Japan	27,095	-	27,095
- PRC	1,824	4,367	6,191
- Singapore	-	118	118
	28,919	4,485	33,404



**9 Profit before taxation**

		Six months ended 31 December	
		2022	2021
The Group	Note	RMB'000	RMB'000
Profit before taxation has been arrived at after charging:			
Depreciation of property, plant and equipment	4	1,722	1,551
Amortisation of intangible assets		12	12
Property, plant and equipment written off	4	3	-
Cost of inventories charged to cost of sales		19,732	25,984
Employee benefit costs		6,990	7,910
Interest expense		54	80
and crediting:			
Exchange (gain)/loss, net		(330)	104
Government subsidies		(44)	(172)
Interest income		(17)	(195)

**10 Taxation**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

The Group	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Current taxation		
- Current financial period	-	74
Deferred taxation		
- Origination and reversal of temporary difference	-	-
	-	74
Tax expense	-	74

**11 Net asset value**

	The Company		The Group	
	31 December 2022 RMB'000	30 June 2022 RMB'000	31 December 2022 RMB'000	30 June 2022 RMB'000
Net asset value per ordinary share	159.4	159.5	160.7	160.7

## **12 Earnings per share**

	Six months ended 31 December 2022 RMB'000	2021 RMB'000
The Group		
Net profit attributable to equity holders of the Company	100	649
	'000	'000
Weighted average number of ordinary shares outstanding for the purpose of diluted earnings per share	176,798	176,798
	RMB	RMB
The Group		
Basic earnings per share (cents)	0.1	0.4
Diluted earnings per share (cents)	0.1	0.4

In the current and previous financial period, diluted earnings per share are the same as basic earnings per share as the Group does not have any dilutive potential ordinary shares and issuance of ordinary shares for less than the average market price of the ordinary shares.

## **13 Statement of operations by segments**

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker.

A segment is a distinguishable component of the Group that is engaged with either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by the management of respective entities within Group.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense.

There is no change from the prior periods in the measurement methods used to determine reported segment profit or loss.

### Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax expense.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transaction with third parties, if any.



### **13 Statement of operations by segments (Cont'd)**

#### Business segments

The Group is organised into the following business segments, namely:

#### Processed food products

The processed food products segment comprises processed vegetable products and dietary fibre food products (including konjac-based processed food products).

#### Investment properties

The rental income from investment properties constitutes an operating business segment in accordance with accounting standard SFRS(I) 1-40.

#### Corporate

Corporate comprises the Company, which principal activity is that of investment holding company.

#### **(a) Business segments**

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group for the six months ended 31 December 2022:

	Investment properties RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
<u>1 July 2022 to 31 December 2022</u>				
<b>Revenue</b>				
- Sale of goods	-	21,431	-	21,431
- Rental income from investment properties	4,693	-	-	4,693
Segment results	2,586	(371)	(2,078)	137
Interest income	-	17	-	17
Finance costs	(54)	-	-	(54)
Profit/(loss) before taxation	2,532	(354)	(2,078)	100
Taxation	-	-	-	-
Profit/(loss) after taxation	2,532	(354)	(2,078)	100
Other segment items				
Capital expenditure				
- Property, plant and equipment	-	46	-	46
- Investment properties	6,278	-	-	6,278
Depreciation and amortisation	-	1,734	-	1,734
Segment assets	243,523	80,085	1,198	324,806
Segment liabilities	4,908	9,339	1,579	15,826

**13 Statement of operations by segments (Cont'd)**

**(a) Business segments (Cont'd)**

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group for the six months ended 31 December 2021:

	Investment properties RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
<u>1 July 2021 to 31 December 2021</u>				
<b>Revenue</b>				
- Sale of goods	-	28,919	-	28,919
- Rental income from investment properties	4,485	-	-	4,485
Segment results	2,365	(240)	(1,517)	608
Interest income	-	195	-	195
Finance costs	(44)	(36)	-	(80)
Profit/(loss) before taxation	2,321	(81)	(1,517)	723
Taxation	(74)	-	-	(74)
Profit/(loss) after taxation	2,247	(81)	(1,517)	649
Other segment items				
Capital expenditure				
- Property, plant and equipment	-	(508)	-	(508)
Depreciation and amortisation	-	(1,563)	-	(1,563)
Segment assets	241,801	89,951	1,070	332,822
Segment liabilities	4,183	12,267	1,260	17,710

**(b) Geographical segments**

The following table shows the distribution of the Group's sales based on geographical location of customers:

	<b>Six months ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
The Group	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue - sale of goods</b>		
- Japan	21,001	27,095
- The People's Republic of China ("PRC")	430	1,824
	<b>21,431</b>	<b>28,919</b>
<b>Revenue - rental income from investment properties</b>		
- PRC	4,567	4,367
- Singapore	126	118
	<b>4,693</b>	<b>4,485</b>

**13 Statement of operations by segments (Cont'd)**

**(c) Reconciliation of segments' total assets and total liabilities**

	31 December 2022 RMB'000	30 June 2022 RMB'000
The Group		
Reportable segments' assets are reconciled to total assets:		
Segment assets	324,806	331,824
VAT receivable	4,969	5,246
Prepayment	1,931	-
	<b>331,706</b>	<b>337,070</b>
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	15,826	21,286
Deferred tax liabilities	31,317	31,317
Government tax payable	425	429
	<b>47,568</b>	<b>53,032</b>

**(d) Information about major customers**

The revenue from one customer of the Group's processed food products segment amounted to approximately RMB 15,546,000 (2022 - RMB 10,215,000) and accounted for 73% (2022 - 77%) of the Group's revenue for the six months ended 31 December 2022.

**14 Dividend**

No interim dividends were paid by the Company in respect of the six months ended 31 December 2022 and 2021.

**15 Commitment**

Capital commitment

Capital expenditure contracted for as at the end of the reporting period but not recognised in the condensed consolidated interim financial statements are as follows:

	31 December 2022 RMB'000	30 June 2022 RMB'000
The Group		
Capital commitments in respect of investment properties	1,600	-

## **16 Related party transactions**

### *Key management personnel compensation*

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	<b>Six months ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
The Group		
Directors' fee	465	261
Short-term benefits	848	736
	<b>1,313</b>	<b>997</b>

In relation to the related party information disclosed elsewhere in the condensed consolidated interim financial statements, the following are significant transaction with related party at mutually agreed amounts:

	<b>Six months ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
The Company		
Repayment or advances from a subsidiary	3,825	4,056

## **17 Fair value measurements**

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

The following table shows an analysis of each class of assets and liabilities measured at fair value at end of the reporting period:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
The Company				
<b>31 December 2022</b>				
<u>Non-financial assets</u>				
Investment properties	-	-	7,685	7,685
<b>30 June 2022</b>				
<u>Non-financial assets</u>				
Investment properties	-	-	7,685	7,685

**17 Fair value measurements (Cont'd)**

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>31 December 2022</b>				
Non-financial assets				
Investment properties:				
- Leasehold buildings	-	-	230,414	230,414
- Land use rights	-	-	11,100	11,100
Property, plant and equipment:				
- Leasehold buildings and structural improvements	-	-	38,096	38,096
- Land use rights	-	-	12,929	12,929
<b>30 June 2022</b>				
Non-financial assets				
Investment properties:				
- Leasehold buildings	-	-	224,136	224,136
- Land use rights	-	-	11,100	11,100
Property, plant and equipment:				
- Leasehold buildings and structural improvements	-	-	39,279	39,279
- Land use rights	-	-	13,200	13,200

There were no transfers into or out of fair value hierarchy levels for financial periods ended 31 December 2022 and 30 June 2022.

**18 Subsequent events**

On 10 January 2023, the Company announced that its wholly-owned subsidiary, Zhangping Fengwang Agricultural Products Co. Ltd. ("Fengwang"), has again received a notification dated 10 January 2023 from the Zhangping Municipal government of plans to acquire Fengwang's land and buildings located at Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City Fujian Province, the People's Republic of China, for purpose of redevelopment planning.

Fengwang had previously received such government notice on 19 January 2022 as announced by the Company on that date and was subsequently aborted by the government as announced by the Company on 26 July 2022.