Singapore Exchange Securities Trading Limited
Listings Disciplinary Proceeding No: SGX-LDC-2022-003

IN THE MATTER OF A DISCIPLINARY PROCEEDING UNDER THE SGX-ST LISTING MANUAL MAINBOARD RULES

BETWEEN

SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

(Company Registration No. 197300970D)

(the "Exchange")

AND

LIN WEI BIN (林卫斌)

(the "Relevant Person")

GROUNDS OF DECISION

12 September 2022

This document constitutes the written grounds of decision of the SGX Listings Disciplinary Committee ("LDC") as required under Mainboard Rule 1417(1), and is prepared for the Exchange and the Relevant Person who are parties to SGX-LDC-2022-003 (the "Parties").

This document is confidential and meant to be read by the Parties and their legal representatives only, until such time as this grounds of decision is published by the Exchange pursuant to Mainboard Rule 1418(1).

I. CHARGES BROUGHT BY THE EXCHANGE

1. The Exchange brought three charges against Mr. Lin Wei Bin (林卫斌) (the "**Relevant Person**" or "**Lin**") in his capacity as a former executive director of Yamada Green Resources Limited (the "**Company**", and together with its subsidiaries, the "**Group**") for contraventions of various rules (the "**Listing Rules**") under the Listing Manual (the "**Listing Manual**") of the Exchange in relation to the disposal of certain leases (the "**Leases**") to moso bamboo plantations (gross land area measuring approximately 129,696 mu) in Jiangle County and Pucheng County, in Fujian Province, People's Republic of China (the "**Plantations**") previously held by the Group (the "**Disposal**").

2. Having regard to Listing Rule 1402(6)[1], Lin was charged for causing the Company to be in breach of the Relevant Rules, as follows:

Charge	Relevant Rules	Description
1st Charge	Listing Rule 1014(1)	Caused the Company to breach Listing Rule 1014(1) by failing to immediately announce the information relating to the Disposal required under Listing Rules 1010, 1011, 1012 and 1013, where applicable, after the terms of the Disposal had been agreed.
2nd Charge	Listing Rule 1014(2)	Caused the Company to breach Listing Rule 1014(2) by failing to obtain shareholders' approval prior to the completion of the Disposal, including issuing a circular containing the information in Listing Rule 1010 to all the Company's shareholders.
3rd Charge	Listing Rule 719(1)	Caused the Company to breach Listing Rule 719(1) by failing to have in place a robust and effective system of internal controls.

[1] Listing Rule 1402(6) provides that a Relevant Person is deemed to have contravened a Relevant Rule when a Relevant Person has caused another Relevant Person to omit to do an act which resulted in a breach of a Relevant Rule.

II. RESOLUTION AGREEMENT

3. In the course of the proceedings, the Exchange and the Relevant Person agreed on the terms for disposing of the disciplinary actions by means of no contest.

4. On 25 July 2022, a resolution agreement signed by the Parties ("**Resolution Agreement**") was submitted to the LDC for the LDC's approval.

5. The Resolution Agreement stated that:

   (a) the Relevant Person would plead guilty to the 1st Charge and the 2nd Charge; and

   (b) the Relevant Person consented for the LDC to take into consideration the 3rd Charge against him for the purposes of determining the sanction(s).

6. The Resolution Agreement also set out the relevant facts, the Exchange's regulatory concerns and the proposed sanctions which the Parties had agreed on.

Further Representations

7. In response to the LDC's queries on whether the proposed sanction was adequate, further representations by the Exchange were submitted to the LDC for its consideration on 3 August 2022 ("**Further Representations**").

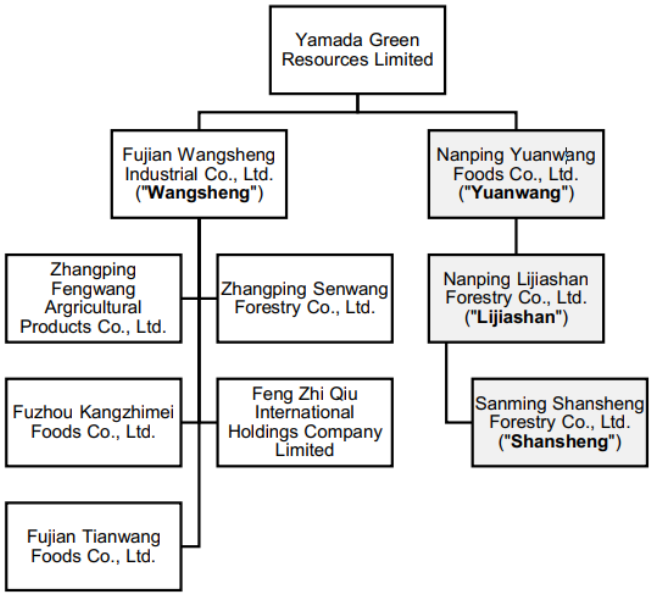
8. The Further Representations elaborated on the rationale for, and adequacy of, the proposed sanctions.

III. RELEVANT FACTS

A. Background of the Group and the Defendant

9. The Company was incorporated in Singapore, and was listed on the Mainboard of the Exchange on 8 October 2010. The principal activity of the Company is that of investment holding. The Group primarily engages in two (2) business segments, being (a) self-cultivated edible fungi and moso bamboos, and (b) processed food products. Trading in the Company's shares has been suspended since 6 September 2017.

10. During the relevant period, the Group structure was as follows:



11. The Relevant Person was appointed as an executive director of the Company on 3 June 2014 and resigned on 22 January 2019. During the relevant period, he was also a director of Wangsheng and Yuanwang, Group Head of Production and Sales, and Head of Sales Department of Wangsheng. He was in-charge of the Group's self-cultivated edible fungi and moso bamboo business. He stepped down as the vice chairman of the board of Wangsheng and legal representative of Yuanwang on 18 October 2018 and 17 October 2018, respectively.

12. The legal representatives of Lijiashan and Shansheng (the "**Subsidiaries**") at the material time were 熊浦印 ("**Xiong**") and 蔡继强 ("**Cai**"), respectively.

B. Key events relating to the Charges

13. On 17 August 2017, Xiong reported in writing to Lin, the Relevant Person, (in his capacity as a director of Yuanwang) on the severity of the insect infestation of the Plantations held by the Subsidiaries, and discussed with Lin whether to (a) suspend the Plantations operations, (b) dispose of the Plantations, or (c) obtain instructions from superiors on the direction.

14. Consequently, on 18 August 2017, Lin gave his written approval by fax to Xiong, granting Xiong autonomy to decide on the disposition of the Plantations. Specifically, there was no instruction to Xiong to obtain Lin's concurrence before taking any concrete steps on the selected course of action.

15. On 23 August 2017, the Subsidiaries entered into agreements for the Disposal. The Disposal was completed on the same day.

16. On 25 August 2017, Xiong purportedly prepared and submitted his internal report on the Disposal to Lin. As Lin was absent, Xiong placed the report on Lin's office desk.

17. The Disposal was not brought to the attention of the board of directors of the Company ("**Board**") and was made without the Board's approval. Based on the Company's Plantation Management Policy, all contracts relating to acquisition and disposal of the Plantations must be reviewed and approved by the Chief Executive Officer (the "**CEO**") and the Board.

18. On 30 August 2017, a fire incident that affected the Group's finance documents and IT / computer hardware occurred. Following this:

    (a) On 31 August 2017, the Company called for a trading halt pending the release of an announcement.

    (b) On 4 September 2017, the Company released an announcement on SGXNET disclosing, inter alia, a fire incident that affected the Group's finance documents and IT / computer hardware, and the consequent delay in the finalisation of its audit for the financial year ended 30 June 2017.

    (c) On 5 September 2017, the Company released an announcement on SGXNET to, inter alia, update shareholders that it would be applying to convert its existing trading halt into a voluntary suspension of trading with effect from 6 September 2017.

    (d) On 6 September 2017, trading in the Company's securities was suspended.

19. In July 2018, Xiong and Cai were replaced by a new legal representative, 刘立平 ("**Liu**"). Liu then discovered the Disposal from the existing legal representatives when he took office.

20. On 19 August 2018, Liu informed the CEO, Mr. Chen Qiuhai, and the Chief Financial Officer of the Company, Mr. Zhou Chen, of the Disposal, who then reported the same to the rest of the Board.

21. Thereafter, the Disposal was announced on SGXNET on 21 August 2018, where it was also disclosed that the Board had tasked the management team to immediately investigate into the matter and provide a report to the Board and Audit Committee to decide on the appropriate actions to be taken thereafter.

22. On 27 August 2018, Foo Kon Tan LLP ("**FKT**") was appointed by the Board to conduct due diligence investigations into the Disposal, and FKT released their report on the same on 14 January 2019 (the "**FKT Report**").

23. On 23 April 2019, Crowe Horwath First Trust Risk Advisory Pte Ltd ("**Crowe**") was engaged by the Group to conduct a review of its internal controls and procedures, and Crowe released their report on the same on 3 December 2021 (the **"Crowe Report**").

IV. RELEVANT PROVISIONS OF THE MAINBOARD RULES

(1) Major Transactions

24. Chapter 10 of the Listing Manual serves to ensure that shareholders have sufficient information on the acquisition and disposal transactions proposed to be undertaken by the issuer, commensurate with the materiality of such transactions vis-à-vis the issuer. Where such transactions are material to the issuer, Chapter 10 of the Listing Manual additionally operates to ensure that shareholders have the right to vote on such transactions, so that their interests are not prejudiced by decisions of the issuer's board of directors. This is a fundamental tenet of a listed company's accountability to the investing public, and is at the core of any corporate governance framework.

Under Listing Rule 1004, transactions are classified into the following categories:

(a) Non-discloseable transactions;

(b) Discloseable transactions;

(c) Major transactions; and

(d) Very substantial acquisitions or reverse takeovers.

25. To determine the classification, and accordingly, the level of disclosure required (including the need to issue a circular to shareholders) for a particular transaction, an issuer is first required to calculate the relative figures of the transaction based on various bases under Listing Rule 1006.

26. In particular, Listing Rule 1006(b) provides that "*[a] transaction may fall into category (a), (b), (c) or (d) of Rule 1004 depending on the size of the relative figures computed on the following bases: … The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.*"

27. Once the relative figures have been calculated, Listing Rule 1014 provides, inter alia, as follows:

(1) Where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, the transaction is classified as a major transaction. The issuer must, after terms have been agreed, ***immediately announce the information required in Rules 1010, 1011, 1012 and 1013****, where applicable.*

(2) A major transaction ***must be made conditional upon approval by shareholders in general meeting****. A* ***circular containing the information in Rule 1010 must be sent to all shareholders****. This rule does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b). ... In ascertaining whether or not the issuer is required to seek shareholders' approval for the transaction, the issuer should refer to the general*

principles set out in Practice Note 10.1. Where the issuer is unclear, the issuer should consult and clarify with the Exchange as soon as possible.

…

[Emphasis added]

(2) Robust and effective internal controls and risk management systems

28. To enable directors to oversee an issuer's continued compliance with the Listing Manual, it is imperative that directors ensure that the issuer's internal controls and policies are robust and effective in ensuring, *inter alia*, that the management team escalates material information to the directors in a timely manner.

29. This is enshrined in Listing Rule 719(1), which provides as follows:

> *An issuer should have a* ***robust and effective system of internal controls, addressing financial, operational and compliance risks****. The audit committee (or such other committee responsible) may commission an independent audit on internal controls for its assurance, or where it is not satisfied with the systems of internal control.* [Emphasis added]

(3) Responsibility to ensure compliance with the Listing Manual

30. Under Listing Rule 720(1), directors and executive officers of an issuer are required to provide personal undertakings that they shall, *inter alia*, use their best endeavours to comply with the requirements of the Exchange pursuant to or in connection with the Listing Manual, and to procure that the issuer shall so comply

V. LISTING RULE BREACHES

(1) 1st Charge – Caused the Company to breach Listing Rule 1014(1) by failing to immediately announce the information relating to the Disposal required under Listing Rules 1010, 1011, 1012 and 1013, where applicable, after the terms of the Disposal had been agreed

31. Regarding the facts of this case, the Resolution Agreement stated, and the LDC noted that:

(a) the key events relating to this Charge were as follows:

(i) on 18 August 2017 (prior to the Disposal), Lin had granted Xiong autonomy to decide on the disposition of the Plantations, without any instructions for Xiong to seek his official concurrence before embarking on any course of action, especially with respect to disposal of the Plantations. This was against the Company's internal policy which required all contracts relating to the disposal of the Plantations to be reviewed and approved by the CEO and the Board;

(ii) the Disposal was executed and completed on 23 August 2017. Based on the FKT Report, the consideration sum for the Disposal was offset against amounts owed to the assignees of the Subsidiaries' Plantations, who were also the contractors and/or subcontractors for maintenance, pest control and harvesting services for the Subsidiaries' Plantations. The net amounts after the offsetting were paid in cash, and were approximately RMB70,000 and RMB10,000 in the case of Lijiashan and Shansheng, respectively;

(iii) the Disposal was only brought to the attention of the Board on 19 August 2018 by Liu, almost twelve (12) months after the completion of the Disposal, when Liu discovered the Disposal from the existing legal representatives when he took office in July 2018; and

(iv) the Disposal was eventually announced on SGXNET on 21 August 2018;

(b) the relative figure of the Disposal computed under Listing Rule 1006 were as follows:

Rule	Relative Computation	Relative Figures
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. (1)	17.6%
1006(b)	The net loss attributable to the assets acquired or disposed of, compared to the Group's net loss. (2)	67.5%
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares. (3)	13.7%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable

Notes:

(1) Based on the fair value of the Plantations of approximately RMB47,235,000 and the net asset value of the Group of approximately RMB267,721,000 as at 30 June 2017.

(2) Based on the net losses attributable to the Plantations of approximately RMB501,805,000 and the net losses of the Group of approximately RMB743,402,000 as at 30 June 2017.

(3) Based on the Aggregate Consideration of approximately RMB47,235,000 and the market capitalisation of the Company of S$70,719,000 (equivalent to approximately RMB 345,816,000 based on the exchange rate of RMB4.890 : S$1.00 on 23 August 2017), determined by multiplying the number of shares in issue of the Company (of 176,798,000 shares) by the weighted average price of S$0.40 of such shares transacted on 23 August 2017, being the full market day on the date of the Disposal agreements.

(c) given that the relative figure of the Disposal computed under Listing Rule 1006(b) was more than 20%, the Disposal would have been classified as a "major transaction" under Chapter 10 of the Listing Manual, pursuant to Listing Rule 1014(1);

(d) pursuant to Listing Rule 1014(1), as a "major transaction", the Company was required to immediately announce the information relating to the Disposal under Listing Rules 1010, 1011, 1012 and 1013, where applicable, after the terms of the Disposal had been agreed. In this regard, the Company was required to announce the requisite information on the Disposal no later than 23 August 2017 when the Disposal agreements were entered into. Accordingly, the Company had breached Listing Rule 1014(1) by failing to immediately announce the information relating to the Disposal required under the Listing Rules after the terms of the Disposal had been agreed;

(e) pursuant to Lin's personal undertaking provided to the Exchange under Listing Rule 720(1) as a director, Lin was required to use his best endeavours to (a) comply with the requirements of the Exchange pursuant to or in connection with the Listing Manual, and (b) procure that the Company shall so comply;

(f) as an executive director of the Company and a director of Yuanwang, Lin had direct oversight of the Subsidiaries. In this regard, Lin was primarily responsible for ensuring that the proposed disposal of the Plantations was promptly reported to the CEO and the Board for consideration and approval, such that timely disclosure of the Disposal could be made and shareholders' approval obtained for the Disposal, in compliance with the requirements under Chapter 10 of the Listing Manual. However, Lin failed to do so, and this directly resulted in the Company failing to comply with its obligations under the Listing Rules with respect to the Disposal, for the following reasons:

(i) given that the Plantations were core assets of the Subsidiaries, Lin ought to have known that any corporate actions involving the Plantations would have had a substantial impact on the Company (including regulatory

reporting and compliance obligations). As one of the options under consideration in dealing with the Plantations was to dispose of the Plantations, this would have required the review and approval of the CEO and the Board as per the Company's internal policy. However, not only did Lin fail to escalate the possibility of a disposal of the Plantations to the CEO for his consideration and direction (and thereafter seek the Board's approval), he proceeded to grant Xiong autonomy to decide on the disposition of the Plantations on 18 August 2017, without ensuring that any disposal of the Plantations would still be subject to the CEO and the Board's approval;

(ii) based on the FKT Report, while Lin had granted Xiong autonomy to decide on the disposition of the Plantations, Lin had failed to exercise any oversight on the process. According to Lin, he did not follow up with Xiong on his subsequent course of action regarding the Plantations (i.e. whether to suspend the Plantations' operations or to dispose of the Plantations). Lin merely assumed that Xiong would send another formal approval request to him (Lin) on the selected course of action, which Xiong did not;

(iii) according to the FKT Report, after receiving Lin's authorisation to decide on the disposition of the Plantations, Xiong assumed that he had full authority to make the decision on the disposal of the Plantations without the need for further management approval to be obtained. He hence proceeded to unilaterally decide on the Disposal and its terms, including the consideration sum, amongst others, and completed the Disposal despite not having the proper authority to do so. As a direct result of Lin's delegation of authority to Xiong without proper oversight, the Disposal was completed without the CEO and the Board's knowledge and approval, notwithstanding the internal policy safeguards in place;

(iv) based on the FKT Report, while Xiong claimed to have followed up with an internal report regarding the Disposal to Lin on 25 August 2017, Lin had not seen the report. Nevertheless, Lin proceeded to assume that the Plantations' operations were merely suspended and did not attempt to seek any updates from Xiong. According to the FKT Report, Lin only became aware of the Disposal on 20 August 2018, after Liu discovered the Disposal from Xiong and Cai;

(v) Lin's lack of oversight over the process and his purported assumption that the Plantations' operations were merely suspended were inexcusable. By his own admission to FKT, Lin was well aware that all disposals required written approval from the CEO and the Board. However, over a protracted period of almost a year, Lin did not seek a single update from Xiong on his selected course of action and the status of the Plantations;

(g) for the reasons set out in paragraph 31(f), the Board was uninformed of the Disposal and consequently, the Company was unable to comply with the relevant disclosure obligations under Listing Rule 1014(1).

32. Having considered the facts set out above, the LDC finds that Lin had, pursuant to Listing Rule 1402(6), breached Listing Rule 1014(1).

(2) 2nd Charge – Caused the Company to breach Listing Rule 1014(2) by failing to obtain shareholders' approval prior to the completion of the Disposal, including issuing a circular containing the information in Listing Rule 1010 to all the Company's shareholders

33. Regarding the facts of this case, the Resolution Agreement stated, and the LDC noted that:

(a) the key events relating to this Charge are as set out in paragraphs 31(a) and (b) above;

(b) given that the relative figure of the Disposal computed under Listing Rule 1006(b) was more than 20%, the Disposal would have been classified as a "major transaction" under Chapter 10 of the Listing Manual, pursuant to Listing Rule 1014(1);

(c) pursuant to Listing Rule 1014(2), as a "major transaction", the Company was required to make the Disposal conditional upon approval by its shareholders in a general meeting. In this regard, the Company not only did not impose such condition precedent on the Disposal, but also completed the Disposal prior to obtaining its shareholders' approval for the Disposal. Accordingly, the Company had breached Listing Rule 1014(2);

(d) pursuant to Lin's personal undertaking provided to the Exchange under Listing Rule 720(1) as a director, Lin was required to use his best endeavours to (a) comply with the requirements of the Exchange pursuant to or in connection with the Listing Manual, and (b) procure that the Company shall so comply;

(e) as an executive director of the Company and a director of Yuanwang, Lin had direct oversight of the Subsidiaries. In this regard, Lin was primarily responsible for ensuring that the proposed disposal of the Plantations was promptly reported to the CEO and the Board for consideration and approval, such that timely disclosure of the Disposal could be made and shareholders' approval obtained for the Disposal, in compliance with the requirements under Chapter 10 of the Listing Manual. However, Lin failed to do so, and this directly resulted in the Company failing to comply with its obligations under the Listing Rules with respect to the Disposal, for the same reasons as set out in paragraph 31(f) above; and

(f) the late discovery of the Disposal compounded by Lin's failure to follow up on the status of the Plantations over an extended period of almost a year further resulted in the Company being unable to meaningfully and timeously obtain its shareholders' ratification of the Disposal. This denied the Company's shareholders of their opportunity to consider the Disposal, and exercise their

fundamental rights to vote according to their interests, even by way of ratification of the Disposal.

34. Having considered the facts set out above, the LDC finds that Lin had, pursuant to Listing Rule 1402(6), breached Listing Rule 1014(2).

(3) 3rd Charge – Caused the Company to breach Listing Rule 719(1) by failing to have in place a robust and effective system of internal controls

35. The Resolution Agreement stated and the LDC noted that:

(a) the Company had in place certain internal controls during the relevant period to require that all contracts relating to, inter alia, the disposal of the Plantations must be reviewed and approved by the CEO and the Board;

(b) by Lin's actions (or lack thereof), Lin had caused internal control lapses of the Company, which undermined the efficacy of the Company's system of internal controls, thereby causing the Company to fail to have in place an effective system of internal controls, for the following reasons:

(i) based on the Crowe Report, Crowe had found that the failure to report the Disposal to the Board was attributable to Lin's omission and neglect of his management responsibilities. In addition, Crowe found the following:

A. while the Group conducts monthly operation meetings with all management and heads of all subsidiaries based in Fuzhou, the meeting minutes reviewed by Crowe did not contain any record on operational matters specific to the Subsidiaries in the period from September 2017 to May 2019. Accordingly, Crowe concluded that there was a possibility that status updates of major incidences at the Subsidiaries were not brought to the attention of the Group's management, CEO, and the Board in a timely manner, and may have resulted in the late discovery of the Disposal;

B. On 20 November 2017, based on an enquiry from the Audit Committee on the status of the Plantations, the CEO had replied by email that there were no plans to develop the Plantations, and that the Board will be informed in due course if there was a change of plans. Based on Crowe's understanding from the CEO, he had verbally checked on the status of the Plantations with Lin before providing the updates to the Audit Committee. Lin had apparently failed to check in with Xiong before responding to the CEO's enquiries, further exacerbating the delay in the discovery of the Disposal for almost twelve (12) months. While Xiong claimed to have followed up with an internal report regarding the Disposal to Lin on 25 August 2017, Lin had not seen the report. Nevertheless, Lin proceeded to assume that the Plantations' operations were

merely suspended and did not attempt to seek any updates from Xiong;

(ii) Lin had acted in disregard of the Company's Plantation Management Policy in his delegation of authority to Xiong, by not ensuring that any disposal of the Plantations would still be subject to the necessary approvals. Following such delegation, Lin further failed to exercise any oversight on the process, thereby failing to ensure that the review and approval of the CEO and the Board were obtained for the Disposal. As a result, Lin had effectively overridden the internal controls put in place to ensure that the Disposal (being a material transaction) was promptly brought to the attention of the relevant individuals and underwent the relevant approvals to ensure, inter alia, compliance with the Listing Rules.

36. Having considered the facts set out above, the LDC finds that, pursuant to Rule 1402(6), Lin breached Listing Rule 719(1) for causing the Company to fail to have in place a robust and effective system of internal controls, addressing financial, operational and compliance risks.

VI. THE EXCHANGE'S REGULATORY CONCERNS

37. The LDC noted the Exchange's regulatory concerns, as set out in the Resolution Agreement and Further Representations, and which are set out in this section.

38. Lin had been negligent in the discharge of his duties as an executive director of the Company, a director of Yuanwang, and the person in-charge of the Group's self-cultivated edible fungi and moso bamboo business. As the key member of the Group's management entrusted with direct oversight of the Subsidiaries and the assets subject to the Disposal, he had allowed the Plantations to be disposed of without his knowledge. Lin had remained ignorant of the Disposal for an extended period of almost a year, until being notified of the Disposal on 20 August 2018, contemporaneously with the rest of the Board. Such negligence is inexcusable, considering that Lin was in fact the key person whom the Board had depended on to report on matters specific to the Subsidiaries' operations.

39. By Lin's actions (or lack thereof), Lin had failed to exercise a reasonable degree of due care and diligence expected of an executive director in carrying out his duties. In particular:

(a) Lin's repeated reliance on his mistaken beliefs and baseless assumptions falls short of the reasonable standard of due care and diligence expected of an executive director. He had exhibited a disregard and indifference to the real possibility of an unauthorised disposal of the Plantations (which did in fact happen); and

(b) had Lin taken the effort to follow up on the matter during this period of almost a year, such as checking in with the management team on the status

of the Plantations, the Company could have discovered the Disposal much earlier, promptly informed shareholders of the lapse, and made a meaningful attempt to ratify the Disposal.

40. The Plantations were the last core assets held by the Subsidiaries and the Subsidiaries had ceased their principal activities and operations, essentially becoming dormant, subsequent to the Disposal.

41. In respect of the Disposal, the Company's breaches (caused by Lin) resulted in shareholders being denied the right to vote on the Disposal as a material transaction of the Company. By failing to exercise oversight over the assets of the Group, Lin had placed the Company's shareholders in a situation where there was no choice but to accept that the Disposal had already been completed almost twelve (12) months prior, with no reasonable prospect of unwinding.

42. The purpose of Chapter 10 of the Listing Manual is to ensure that shareholders have the right to vote on material transactions of the Company, so that their interests are not prejudiced by decisions of the Board. This is a fundamental tenet of a listed company's accountability to the investing public, and is at the core of any corporate governance framework. Accordingly, breaches of these Listing Rules seriously compromise shareholders' rights, and if left unchecked, will erode trust in the securities market.

43. While Lin represented that he had been severely criticised and punished by the Company for his lapses, these considerations are irrelevant in determining the appropriate sanctions to be imposed on Lin by the LDC.

44. Nonetheless, it is noted that Lin has readily admitted his negligence in relation to the Disposal, and expressed remorse for his actions. Accordingly, it was submitted there is no further need to impose restrictive covenants on him.

Further Representations on the adequacy of sanctions

45. Based on the available evidence, including the findings of the independent reviewers in the FKT Report and Crowe Report, it was submitted that Lin's culpability lay in his negligence in the discharge of his duties. This is to be distinguished from reckless or intentional behaviour.

No evidence of insidious actions

46. Based on the FKT Report and Crowe Report, the independent reviewers in either case did not raise any findings of insidious actions by the Company, nor any premeditated conspiracy by Lin (or involving Lin) that led to the breaches. The independent reviewers similarly did not find any intention by Lin (or involving Lin) to deliberately conceal the Disposal.

47. With regard to Lin's involvement surrounding the Disposal, FKT's findings, which were primarily based on interviews with the relevant individuals, were set out in the FKT Report and extracted as follows:

(a) *By his own admission, Lin claimed that he was busy with attending to the auditing matters by the then auditors, BDO, in August 2017 and he also had personal family problems to manage at that time. Although he was not aware that the internal report on the Disposal Transaction which Xiong said he placed on Lin's desk in Lin's absence on 25 August 2017, Lin had omitted to follow up on Xiong's earlier report on 17 August 2017. He admitted that there was a neglect of fiduciary duties of himself as a director, namely, he did not realise that his response (全权处理 or full authority to decide on the disposition of the Plantations) given to the legal representative, Xiong, would lead to the Disposal Transaction. Had he been aware of the Disposal Transaction, he would have reported the matter to the Board.*

(b) *In addition, Lin admitted that there was some misunderstanding in communications between Lin and the legal representatives i.e. had the Plantations been disposed of, he would have expected the legal representatives to report the matter to him again upon finding suitable buyers for his approval of the disposal but they did not. This was the reason why he did not report the Disposal Transaction to the Board.*

48. Based on the above findings, it was submitted that there were no insidious actions by the Company, nor any premeditated conspiracy by or involving Lin that led to the breaches. Moreover, the above is consistent with the Exchange's findings that Lin and the Board only became aware of the Disposal in August 2018 when alerted by Liu.

Negligence as opposed to recklessness or intentional wrongdoing

49. The sanctions imposed in four past cases heard by the LDC were considered. In the four cases, the key executive involved in the breaches (who were also the chief executive officers of each of the issuers) were all issued with public reprimands, plus further sanctions including some form of restrictive covenants. However, the facts of the current case can be distinguished from these previous cases. It was submitted that heavier sanctions had been warranted in the previous cases for the following reasons:

(a) in the first case, the relevant person told a deliberate falsehood in the face of a clear question, which cast serious doubt on his character and integrity;

(b) in the second case, the relevant person had treated the issuer's funds as his own, and misused funds to settle his personal debts, failing to consider the interests of the issuer and its shareholders. Additionally, he was found to have failed to demonstrate the requisite character and integrity expected of a director of a listed issuer;

(c) in the third case, the relevant person's breach was in failing to disclose material information that was in his sole possession; notably, he failed to check the documents in his possession despite repeated enquiries from the board, which could be viewed as reckless or intentional behaviour; and

(d) in the fourth case, the relevant person's breach was in deliberately electing not to disclose (promptly or at all) relevant material information in his possession.

50. It was submitted that the present case is on a lower level of culpability than the aforementioned precedents. The main fault for Lin lay in his failure to conduct the appropriate level of follow-up for the Disposal, which was reasonably to be expected of him.

51. Given that Lin's failure was in his negligence (as opposed to recklessness or intentional wrongdoing), and there is no evidence of any premeditated conspiracy by Lin (or involving Lin) that led to the breaches, it was submitted that there are no aggravating factors that warrant the imposition of additional sanctions against Lin, beyond the issuance of a public reprimand.

VII. SANCTIONS IMPOSED BY THE LDC ON THE RELEVANT PERSON

52. Having considered the Resolution Agreement and the Further Representations, and having deliberated on the Exchange's regulatory concerns and the submissions on the adequacy of sanctions, the LDC has decided to impose the sanction of a public reprimand on the Relevant Person.

END