YAMADA
GREEN RESOURCES
山田绿色

ADAPTING
TO CHALLENGES

ANNUAL REPORT 2019

CONTENTS

CORPORATE PROFILE

Yamada Green Resources Limited and together with its subsidiaries ("Yamada"), is an agricultural food product processing group based in Fujian Province, the People's Republic of China ("PRC").

Serving a long-established customer base from Japan, Yamada has earned a strong reputation of providing high quality products to food distributors and wholesalers in Japan. Currently, Yamada's food processing operations, which adheres to stringent safety standards and requirements, are carried out at its main factory where it employs over 200 workers.

Yamada has also made considerable investments into office and logistics properties in China and Singapore, following the disposal of its bamboo, eucalyptus and parts of its mushroom plantations over the past few years. Rental from these properties will become a new source of income for the Group over the next few years.

OUR PRODUCTS

Our agricultural food products are processed from various types of fresh vegetables and semi-processed products purchased from our suppliers or through our own mushroom plantations. The products are mainly exported to Japan under our customers' brand names. A smaller portion of our products is distributed and sold to PRC customers through local supermarket chains, distributor and convinience stores in major cities under our own brands like "旺成食品", "研食坊" and "第七庄园".

GROUP STRUCTURE

Yamada Green Resources Limited

Yamada Green Resources Limited
(山田绿色资源有限公司)
(incorporated in Singapore on 8 February 2010)

100%
Fujian Wangsheng Industrial Co., Ltd
(福建望盛实业有限公司)
(incorporated in PRC on 14 April 1998)
Production and supplies of processed food products.

100%
Nanping Yuanwang Foods Co., Ltd.
(南平市元旺食品有限公司)
(incorporated in PRC on 3 February 2005) Production and supplies of semiprocessed food products.

100%
Zhangping Fengwang AgriculturalProducts Co., Ltd.
(漳平市丰旺农产品有限公司)
(incorporated in PRC on 7 October 2008)
Cultivation and supplies of edible fungi.

100%
Fuzhou Kangzhimei Foods Co., Ltd.
(福州康之美食品有限公司)
(incorporated in PRC on 20 December 2012)
Sales of processed food products.

100%
Nanping Lijiashan Forestry Co., Ltd.
(南平市李家山林业有限公司)
(incorporated in PRC on 23 April 2013) Forestry management, cultivation and sales of edible fungi and vegetables.

100%
Zhangping Senwang Forestry Co., Ltd.
(漳平市森旺林业有限公司)
(incorporated in PRC on 1 June 2011)
Engaging in forestry management.

100%
Feng Zhi Qiu International Holding Company Limited
(丰之秋国际控股有限公司)
(Incorporated in Hong Kong Special Administrative Region, PRC on 22 January 2014) Sales of processed food products.

100%
Sanming Shansheng Forestry Co., Ltd.
(三明山盛林业有限公司)
(incorporated in PRC on 22 July 2014) Forestry management, cultivation and sales of edible fungi and vegetables.

45%
Fujian Tianwang Foods Co., Ltd *
(福建省天旺食品有限公司)
(incorporated in PRC on 5 Nov 2004) Production and supplies of processed food products, cultivation and sales of vegetables, and forestry management.

* Fujian Tianwang Foods Co., Ltd has a wholly owned subsidiary named Sanming Sennong Forestry Co., Ltd.

DELIVERING
SUSTAINABLE VALUE

Driven by our core values and our strong sense of responsibility towards the country's economic and environmental conditions, our company continuously aspires to be the best supplier of high-quality processed food products in the market. We continue to undertake primary measures to ensure our compatibility with the consistently changing global environment. These measures comprise of broadening our product range, securing predictable and consistent supply, and strengthening our long-term ties with stakeholders. These key strategies encompass our vision, enabling us to individuate our group from the existing reputable players in the market and successfully address forthcoming challenges ahead.

CEO'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board") of Yamada Green Resources Limited ("Yamada" or the "Group"), I will be presenting Yamada's set of results for the financial year ended 30 June 2019 ("FY2019").

Year in Review

At this time, the China-US trade war remains unabated and is likely to continue to exert downward pressures on Chinese economic growth, which is itself expected to remain muted in 2020. Meanwhile, intense competition and weakened global economic sentiments are likely to create a challenging environment for the export market as well.

In spite of these macroeconomic conditions, Yamada is sustaining its research and development efforts to refine our product quality and broaden our spectrum of products, so as to further boost the Group's standing. Furthermore, the Group is also diversifying the revenue stream by venturing in property investments.

Year-on-year, Group revenue from sale of goods decreased by RMB45.7 million to RMB61.4 million in FY2019, with lower sales in both our self-cultivated and processed food product segments. Following the onset of plant diseases and insect outbreaks, the Group disposed its leases governing its moso bamboo plantations in the first quarter of financial year ended 30 June 2018 ("FY2018"). Consequently, the self-cultivated product segment remained dormant throughout FY2019. Meanwhile, sales at our processed food product segment, which primarily consists of bamboo shoots, mushrooms and konjac jelly were also more subdued. This stemmed from diminished sales with our overseas customers, despite an upturn in domestic sales. In contrast, the revenue from rental income from investment properties increased by RMB2.3 million from RMB2.8 million in FY2018 to RMB5.1 million in FY2019 during the financial year.

Largely owing to lower sales volumes and lower average selling prices, the Group registered a gross loss of RMB9.7 million for FY2019, as compared to the gross profit of RMB1.8 million in FY2018. A gross loss margin was also incurred in FY2019, while a gross profit margin of 1.7% was attained in FY2018.

CHEN QIUHAI

Chief Executive Officer and Executive Director

Outlook and Strategy

In light of the challenges currently faced by the Group, the Board is rigorously engaged in developing measures to elevate Yamada's positioning. Following extensive deliberation, the Board has earmarked the disposal of the Group's 45% equity interest in the registered capital of Fujian Tianwang Foods Co., Ltd ("Tianwang") as one such prudent step on the road to recovery.

Incorporated in China, Tianwang's principal activities are the manufacturing and supplying of processed food products, such as processed bamboo shoots, cultivation and sales of vegetables, and forestry management in China. The disposal is slated to be carried out through a Share Purchase Agreement with Golden Sea International Holdings Limited and subject to shareholders' approval.

The Board has ascertained that despite carrying a potential loss, the pending Share Purchase agreement containing a total consideration of RMB39,933,000 remains as the group's optimal course of action. Having made the aforementioned disposal of its bamboo plantations, Tianwang's assets have since become disengaged with the present exigencies of the Group. The move will also serve to curtail further losses that may possibly be incurred through unfavourable investment projects, and will also free up working capital for Yamada to embark on subsequent projects.

Aside from expanding our product offering and improving product quality to meet with the changing demand of our customers, we will also actively be on the lookout for avenues to strengthen our existing partnerships with other businesses, as well as opportunities to develop advantageous collaborations with new business partners. In addition, we are constantly looking for ways to extend our involvement in property investments to grow the contribution from property investments to form a more substantial portion of our financial results in the foreseeable future.

Acknowledgements

While our work has been cut out for us, the Board remains committed to steadily steer the Group on the road towards recovery and restoration. At this juncture, I would like to take the opportunity to thank the following groups on behalf of the Board: our shareholders, management, business partners and employees. Your invaluable support has been instrumental to our ability to scale the various challenges presented before us, and I look forward to your continued backing as we make ready for an effectual and productive FY2020.

We are deeply saddened by the passing of our Non-Executive Director, Mr Goi Kok Neng. Mr Goi possessed a wealth of knowledge and experience in business management and was an integral member of the Board. We use this opportunity to extend heartfelt condolences to his family.

CHEN QIUHAI
Chief Executive Officer and Executive Director

首席执行官致辞

尊敬的各位股东，

我谨代表山田绿色资源有限公司（以下简称山田或集团）的董事会呈报山田2019财年（截至2019年6月30日）的业绩报告。

当前中美贸易战持续进行对中国经济增长持续造成下行压力。预计到2020年底，中国经济增长将继续保持严峻的外部形势。因此，激烈的国内市场竞争和疲软的全球经济信心将构成一个具有挑战性的环境。

尽管这些宏观经济环境不容乐观，但是山田在这一年致力于研究和开发深加工产品系列和提升产品质量，同时扩大产品销售范围，以进一步因应集团的市场竞争态势。此外，集团也在拓展租赁业务。

与上一财年同期相比，集团的产品销售收入减少人民币4,570万元至2019财年的人民币6,140万元，原因是自种业务及加工食品业务的产品销售收入下降。包括竹笋、香菇和魔芋为主的加工食品业务部分的国内销售虽呈现好转的趋势，但海外客户的需求疲软导致国外销售的大幅度减少。另一方面，集团的租赁业务收入则增加了人民币230万元，即从2018财年的人民币280万元提高至2019财年的人民币510万元。

由于产品的销量和平均售价下降，较之于2018财年的毛利人民币180万元，2019财年集团产生毛亏损人民币970万元。因此，集团在2018财年的毛利率为1.7%，而2019财年则记录了毛亏率。

鉴于集团目前面临的挑战，董事会致力于稳步引导集团走向重建与复苏，并制定措施削减集团的亏损业务，以提升山田的市场战略定位。经深思熟虑后，作为集团走向复苏的重要举措之一，董事会决定出售集团持有的福建省天旺食品有限公司45%的股权。除此之外，集团将在加强深加工业务基础上积极寻找新的业务伙伴，共同开发有利的合作机会，以取得行业的领先地位。同时，集团也将做好现有租赁业务的提升改造以及达到更好的效益。

CHEN QIUHAI
Chief Executive Officer and Executive Director

借此机会，我谨代表公司董事会，向各位股东、管理层、业务伙伴和员工表示衷心感谢。是您们的宝贵支持让我们有信心应对所面临的各种挑战，您们的鼓励发挥了积极的促进作用。我们已经做好准备迎接卓有成效的2020财年，期待得到您们继续的支持！

董事会对于非执行董事，魏国龙先生的逝世深感悲痛。魏先生在经营管理领域的丰富经验对于董事会的运作具有重大的贡献。最后，董事会也借此机会向魏先生的家属表示最深切的慰问。

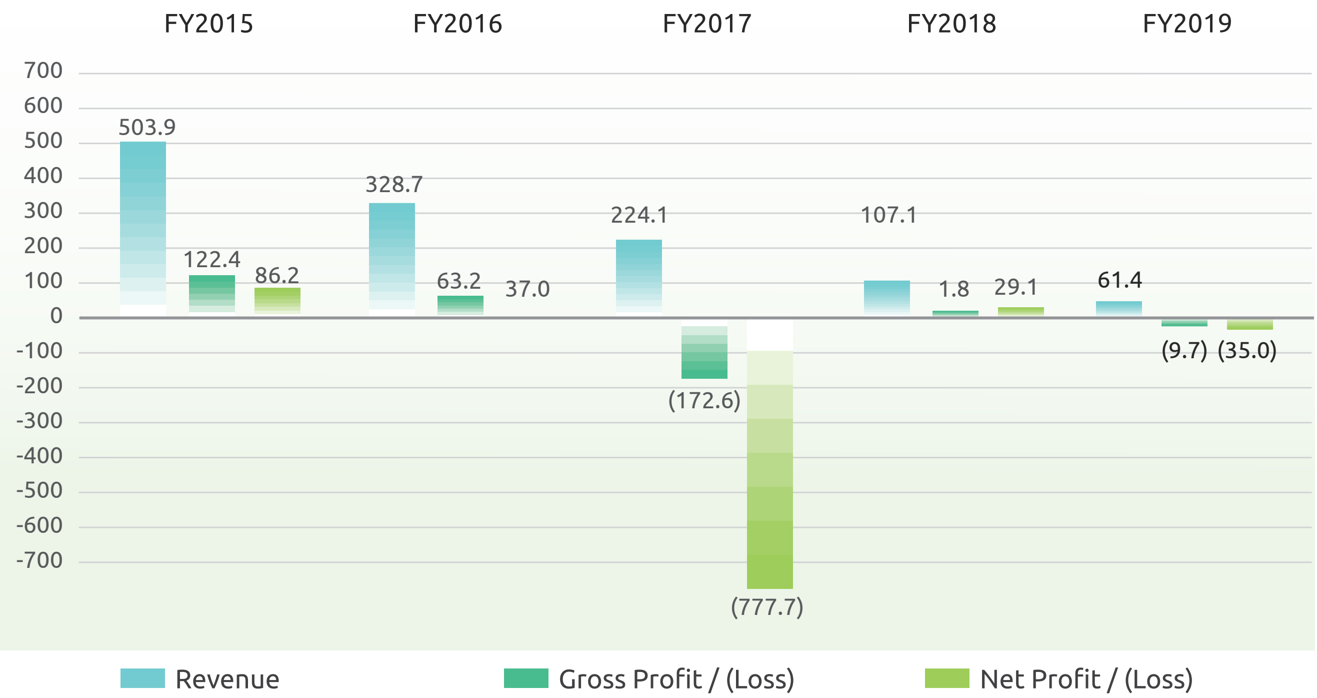
陈秋海
首席执行官兼执行董事

FINANCIAL HIGHLIGHTS

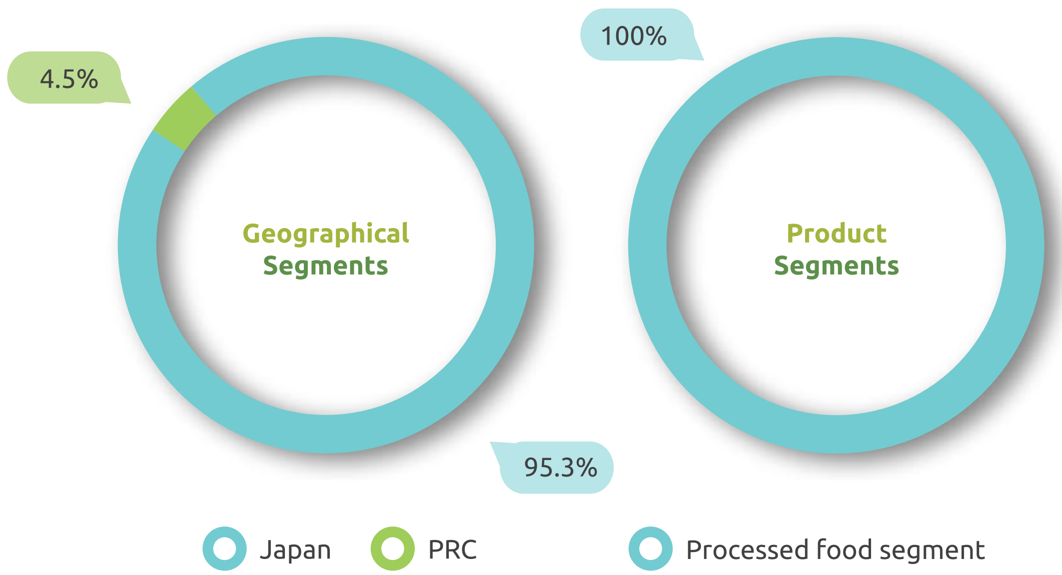
(RMB'mil)	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue	503.9	328.7	224.1	107.1	61.4
Gross Profit	122.4	63.2	(172.6)	1.8	(9.7)
Gross Profit Margin (%)	24.3	19.2	N.M.	1.7	N.M.
Net Profit	86.2	37.0	(777.7)	29.1	(35.0)
Net Profit Margin (%)	17.1	11.3	N.M.	27.2	N.M.

REVENUE, GROSS PROFIT AND NET PROFIT

RMB'mil



REVENUE BREAKDOWN FOR FY2019



OPERATIONS REVIEW

REVENUE

Following diminished sales in both our self-cultivated and processed food product segments, Group revenue from sale of goods fell 42.7%, from RMB107.1 million in FY2018 to RMB61.4 million in FY2019.

Yamada conducted a disposal of its leases over its moso bamboo plantations, which collectively cover a gross land area of about 129,696 mu (approximately 86.5 square kilometres) during the first quarter of FY2018. This was chiefly due to the surfacing of plant and insect infestations. Accordingly, operations ceased in the self-cultivated products segment, and no revenue was recorded in this segment during FY2019.

Meanwhile, sales in the processed food product segment also fell 36.7% year-on-year, from RMB97.0 million to RMB61.4 million in FY2019. This was mainly due to weaker sales in an overseas market undermined by weakened global economic sentiment and tenuous trade relations, wherein we consequently faced lower sales volumes and lower average selling prices, especially with our bamboo shoot, mushroom and konjac jelly products. This was partially offset by a stronger showing in domestic sales, where higher sales volumes outweighed lower average selling prices.

On the other hand, revenue from rental income from investment properties increased by RMB2.3 million from RMB2.8 million in FY2018 to RMB5.1 million in FY2019 due to increase in space rented out during the financial year.

GROSS LOSS

The Group recorded a gross loss of RMB9.7 million in FY2019 as compared to a gross profit of RMB1.8 million in FY2018, mainly due to lower sales volumes and average selling prices. A gross loss margin was also recorded for FY2019, as compared to a gross profit margin of 1.7% in FY2018.

OTHER OPERATING EXPENSES

Other operating expenses recorded in FY2019 mainly comprised of fair value loss on investment properties of RMB1.3 million, impairment of land use rights of RMB3.8 million, write-down of inventories to net realizable value of RMB1.3 million, cost of sales of raw materials of RMB5.1 million and impairment of investments in associates classified as held for sale of RMB3.2 million. During the financial year, independent valuation experts were appointed to assess the fair value of the investment properties and leasehold properties of the Group. Hence, fair value loss on investment properties of RMB1.3 million and revaluation gain on the leasehold properties of RMB3.1 million and deferred tax expenses on the revaluation of the leasehold properties of RMB0.8 million were recognised in FY2019.

OTHER EXPENSES

Finance costs recorded a marginal increase of RMB0.1 million, from RMB0.3 million in FY2018 to RMB0.4 million in FY2019.

Share of results of associates classified as asset held for sale of loss of RMB0.3 million relates to the Group's 45%-owned subsidiary Fujian Tianwang Foods Co., Limited, along with Tianwang's subsidiary Sanming Sennong Forestry Co., Ltd. ("the Associates").

As a result of the lower revenue and higher expenses, the Group recorded a RMB35.0 million loss after tax for FY2019, as compared to a RMB29.1 million profit after tax for FY2018.

FINANCIAL POSITION

Non-current assets decreased by RMB47.5 million, from RMB310.9 million as at 30 June 2018 to RMB263.4 million as at 30 June 2019, mainly due to RMB4.9 million in depreciation and amortisation expenses and RMB3.8 million in impairment of land use rights, partially offset by RMB2.7 million in acquisition of property, plant and equipment during the financial period and a RMB7.3 million increase in investment properties. The increase of investment properties was due to the reclassification of leasehold properties to investment properties during the financial year, offset by the decrease in the valuation of investment properties. Meanwhile, RMB39.9 million in investments in associates was reclassified to associates classified as asset held for sale.

Current assets decreased by RMB31.2 million, from RMB93.3 million as at 30 June 2018 to RMB62.1 million as at 30 June 2019, due mainly to the RMB4.0 million decrease in inventories and RMB29.5 million decrease in trade and other receivables. The decrease in inventories was due to impairment provided to obsolete inventories and effective inventory control. Meanwhile, trade and other receivables was reduced in tandem with the decrease in revenue during the financial year.

Non-current liabilities increased by RMB1.2 million, from RMB36.7 million as at 30 June 2018, to RMB37.9 as at 30 June 2019, due mainly to the final drawdown of bank borrowing for the financing of the office unit of PLUS at Singapore during the financial year.

Current liabilities decreased by RMB36.8 million, from RMB75.0 million as at 30 June 2018, to RMB38.2 million as at 30 June 2019, due to the RMB35.8 million decrease in trade and other payables and RMB1.0 million decrease in short-term bank borrowings. The decrease in trade and other payables was due mainly to fewer raw materials purchased. In addition, an amount of RMB29.3 million classified as unaccountable balance in trade and other payables was transferred directly to equity as a non-distributable reserve during the year. The transfer to equity as a non-distributable reserve was made after the Company's lawyer confirmed with the management that no claims were received from third parties after the following:

a) two advertisements made in national newspapers in China to notify any creditors that may have a claim against the Company to lodge their claims with the Company through the Company's lawyer;

b) confirmations made to inactive creditors who were also contacted by the Company's lawyer to confirm any balances due to them by the Company; and

c) in consideration of the letter of undertaking given by the Chief Executive Officer and Executive Director Mr Chen Qiuhai to the Company to undertake personally, through a company wholly owned by him, Sanwang International Holdings Limited, claims that may be made against the Company in respect of the unaccountable balances.

STATEMENT OF CASH FLOWS

For FY2019, the Group recorded a net cash inflow of RMB5.6 million from operating activities, as compared to a net cash inflow of RMB1.1 million in FY2018. This was mainly attributable to lower receivables and inventories, which were partially offset by lower payables.

Net cash used in investing activities was RMB2.7 million in FY2019, mainly due to capital expenditure on acquisition of property, plant and equipment.

There was a net cash outflow of RMB1.1 million from financing activities in FY2019 arising from repayment of bank borrowings. This was partially offset by drawdowns on bank borrowings.

As a result of the above, cash and cash equivalents increased from RMB10.5 million in FY2018 to RMB12.9 million in FY2019.

KEEPING OUR **STRATEGIC FOCUS**

As we move forward, we will continue to further enhance our diverse line of food products and deepen our brand value by refining our operational efficiencies and executing proactive management. We also remain focused on growing our sales and distribution network while remaining committed to sustaining our established brand of quality.

BOARD OF DIRECTORS

Chang Feng-chang（张峰璋）
Independent Non-Executive Chairman

Mr. Chang Feng-chang was re-designated as Independent Non-Executive Chairman of the Board on 23 April 2019. He is also the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He was appointed on 17 September 2010 as our Non-Executive Director and has been re-designated as an Independent Director on 21 August 2013. He is currently the Chief Executive Officer of Kingsley Capital International Pte. Ltd. From 2009 to 2010, he was a senior partner at Grant Thornton Zhonghua CPAs, where he oversaw the international client service, in particular assisting and advising Chinese clients on their global expansion. From 2000 to 2009, he was a partner at BDO Shanghai Zhonghua CPAs. He graduated from The University of Missouri in 1994 with a Master Degree of Science in Accounting.

Chen Qiuhai（陈秋海）
Executive Director and Chief Executive Officer

Mr Chen Qiuhai was re-designated as our Executive Director and Chief Executive Officer ("CEO") on 23 April 2019. Prior to the re-designation, he was our Executive Chairman and CEO. He is the founder of our Group and was appointed as a director of our Company on 8 February 2010. He is responsible for overseeing the overall management, operations and business strategy of our Group. Prior to this, he was a manager at Fujian Tourism Company Ltd from 1988 to 1998, and was responsible for the company's sales and liaisons. He was the chief representative of a Japanese company named Yamashiro Nosan Co., Ltd. from 1994 to 1998 on a part-time basis, where he was responsible for negotiation, procurement, inspection and coordination with exporters of food products (mainly mushrooms and bamboo shoots) from PRC (Fujian and Shandong Provinces) to Japan. Since the establishment of Fujian Wangsheng Industrial Co., Ltd. ("Wangsheng") (formerly known as Fuzhou Wangcheng Foods Development Co., Ltd.), he has received recognition for his contributions to Wangsheng, and was awarded the prestigious Outstanding Young Entrepreneur Award by the Communist Youth League Committee of Fujian Province in 2009. He graduated from Chinese People's Public Security University with a degree in Japanese language in 1988. Mr. Chen is also the director of Wangsheng, Fuzhou Kangzhimei Foods Co. Ltd, and Feng Zhi Qiu International Holding Company Limited.

Chua Ser Miang（蔡斯敏）
Lead Independent Director

Mr. Chua was appointed as an Independent Director of the Group on 23 September 2013, and assumes the role of Chairman of the Nominating and Remuneration Committees, and a member of the Audit Committee.

Mr. Chua is presently a director of Eastwin Capital Pte Ltd, a corporate advisory firm which he joined in 2013 after spending 20 years in both the private and public sectors. Prior to this, Mr. Chua was a Director of Corporate Finance at DMG & Partners Securities where he was primarily involved in advising local and foreign corporates on financial and equity capital market transactions including public listings, fund raising, and mergers and acquisitions. He was also previously a Vice President with Daiwa Securities SMBC Singapore and the Managing Director of Asia Growth Capital Advisory. Mr. Chua started his career as a Senior Review Officer with the Monetary Authority of Singapore in 1993.

Mr. Chua is currently the Non-Executive Chairman and Independent Director of Aoxin Q&M Dental Group Ltd, listed on the Catalist board of the SGX-ST. Mr. Chua graduated with a Bachelor of Business Administration (Hons) from the National University of Singapore. He is qualified as a Chartered Financial Analyst of CFA Institute, and is a member of the Singapore Institute of Directors.

Xie Yimin（谢益民）
Executive Director

Mr Xie Yimin is our Executive Director and was appointed on 23 April 2019. He has joined Wangsheng as an Assistant General Manager since 2016 and is responsible for overseeing the operations and sales of Wangsheng. Prior to joining Wangsheng, he was a General Manager in Chaohu Meixiang Shoes Co., Ltd. from 2013 to 2016, mainly responsible for overseeing the overall management and operations of the company. From 2000 to 2013, he worked in two different trading companies, namely Jiexi Trade (Shanghai) Co., Ltd. and Longshan Loji International Trade (Shanghai) Co., Ltd.. During the period in the trading companies, he was mainly responsible for overseeing the operations, purchasing and exports of the companies. He graduated from Fuzhou University Adult Education in 1997 with a degree in Civil Engineering. He was obtained the qualification of JLPT Japanese Language Grade N2 from Ministry of Education of PRC in 2006.

BOARD OF DIRECTORS

Ms Goi Lang Ling was appointed on 23 April 2019 as our Non-Executive Director. She is a member of the Audit, Nominating and Remuneration Committees. She is currently the Director and General Manager of Export Sales and Marketing at Tee Yih Jia Food Manufacturing Pte. Ltd., the global frozen foods manufacturer with world-famous spring roll pastry and roti paratha. Ms Goi started her career with Tee Yih Jia Food Manufacturing Pte. Ltd. after graduating from the University of New South Wales, Australia in 2004 with a Master in Business and Technology. She is also a Director of TYJ International Pte. Ltd., Maker Food Manufacturing Pte. Ltd., Twin Investment Pte. Ltd., Taste United Pte. Ltd. and Tee Yih Jia Food Manufacturing Sdn. Bhd. And Ee Hoe Food Marketing Sdn. Bhd..

Goi Lang Ling （魏兰玲）
Non-Executive Director

KEY MANAGEMENT PERSONNEL

Zhou Chen (周晨) was appointed as our Chief Financial Officer on 12 January 2018 and is overall in-charge of the financial matters of our Group. He oversees our Group's financial matters and compliance with post-listing obligations. Currently, he is the Independent Director, AC Chairman and member of NC of Wuzhou International Holdings Limited which is listed on Hong Kong Stock Exchange. Prior to joining our Group, he was Chief Treasury Officer of China Graphene Group Limited which is listed on Hong Kong Stock Exchange. From 2015 to 2016, he was Chief Financial Officer of Asia Fashion Holdings Limited which is listed on the Main Board of the Singapore Exchange Securities Trading Limited. He is a fellow member of the Institute of Singapore Chartered Accountant. He graduated with an Accounting Professional Qualification from the Association of Chartered Certified Accountant (ACCA).

Liu Liping (刘立平) was appointed as Deputy General Manager on May 2018. He joined Wangsheng in 1998, overseeing the logistics and warehousing departments. He also served as the head of the management, production and quality inspection departments and is responsible for human resource, administrative matters and procurement of raw materials for Wangsheng. On March 2016, he was seconded to Fujian Tianwang Food Co., Ltd., an associated company of our Group, to assist and supervise the production and quality management of the Tianwang factory. Prior to joining Wangsheng, he was a supervisor at Fujian Lionscore Sport Products Co., Ltd. from 1993 to 1998. From 1990 to 1993, he was a research and development assistant in Fuzhou Pharmaceutical Factory. He graduated from East China Institute of Chemical Technology with a degree in pharmaceutical studies in 1990. He was admitted as an assistant engineer by Fuzhou Personnnel Bureau in 1992.

Zheng Renmei (郑仁美) was appointed as General Manager of Fengwang Agricultural Products Co., Ltd. ("Fengwang") on April 2018 and is responsible for the overall management of Fengwang. He joined Wangsheng in 2006 after complete his diploma course. During his service period at Wangsheng, he was responsible for administrative matters. On September 2008, he was seconded to Fengwang, as Head of Administrative Department. On May 2016, he was promoted as Assistant General Manager of Fengwang.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chang Feng-chang *(Independent Non-Executive Chairman)*
Chen Qiuhai *(Executive Director and Chief Executive Officer)*
Xie Yimin *(Executive Director)*
Chua Ser Miang *(Lead Independent Director)*
Goi Lang Ling *(Non-Executive Director)*

AUDIT COMMITTEE
Chang Feng-chang *(Chairman)*
Chua Ser Miang
Goi Lang Ling

NOMINATING COMMITTEE
Chua Ser Miang *(Chairman)*
Chang Feng-chang
Goi Lang Ling

REMUNERATION COMMITTEE
Chua Ser Miang *(Chairman)*
Chang Feng-chang
Goi Lang Ling

REGISTERED OFFICE
7 Temasek Boulevard
#43-03 Suntec Tower One
Singapore 038987

PRINCIPAL PLACE OF BUSINESS
No. 2 Dongling Road, Minhou Economic and Technological Development Zone, Ganzhe Street Minhou County, Fuzhou City, Fujian Province, The PRC

COMPANY SECRETARY
Wong Chee Meng Lawrence

SHARE REGISTRAR
RHT Corporate Advisory Pte. Ltd.
30 Cecil Street
19-08, Prudential Tower
Singapore 049712

PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation Limited
Hong Leong Finance Limited
China Construction Bank, Fujian Branch
Postal Savings Bank of China

SOLICITOR
Equity Law LLP
7 Temasek Boulevard #43-03 Suntec Tower One
Singapore 038987

INDEPENDENT AUDITOR
Foo Kon Tan LLP
Public Accountants and Chartered Accountants
24 Raffles Place
#07-03, Clifford Centre
Singapore 048621
Partner-in-charge: Chang Fook Kay
(with effect from the financial year ended 30 June 2019)

FINANCIAL CONTENTS

The Board of Directors (the "**Board**" or the "**Directors**") of Yamada Green Resources Limited (the "**Company**", together with its subsidiaries, the "**Group**") recognises the importance of sound corporate governance in protecting the interest of the shareholders as well as strengthening investors' confidence in the management and financial reporting of the Group. The Group is committed to ensuring and maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment, which helps to safeguard the interests of the shareholders of the Group. This corporate governance report describes the corporate governance framework and practices of the Group with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**"). Unless otherwise stated, these practices were in place throughout the financial year ended 30 June 2019 ("**FY2019**").

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:	***Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.***

The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. It supervises the Management of the business and affairs of the Group, provides corporate direction, monitors managerial performance and reviews financial results of the Group. In addition, the Board is directly responsible for decision making in respect of the following matters:

a. approve the business strategies including significant acquisition and realisation of subsidiaries or assets and liabilities;

b. approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;

c. approve the Group's quarterly and full year financial results;

d. oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy and effectiveness of internal controls and risk management system, as may be recommended by the Audit Committee ("**AC**");

e. review the performance of the Management, approve the nominations to the Board or appointment of key management personnel, as may be recommended by the Nominating Committee ("**NC**");

f. review and endorse the framework of remuneration for the Board and key management personnel, as may be recommended by the Remuneration Committee ("**RC**");

g. review and endorse corporate policies in keeping with good corporate governance and business practice; and

h. consider sustainability issues such as environmental factors.

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis. All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

Board Committees

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Board Committees. The Board Committees consist of the AC, NC, and RC (collectively, "**Board Committees**"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The Chairman of the respective Board Committees will report to the Board on the proceedings of the Board Committees meetings and their recommendations on the specific agendas mandated to the Board Committees by the Board.

Matters which are specifically reserved to the Board for decision-making are those involving corporate plans and budgets, material acquisitions and realisation of assets, share issuances, declaration of dividends and other returns to shareholders of the Company. The Management is responsible for day-to-day operations and administration of the Group and the Management are accountable to the Board. Clear directions have been given out to the Management that such reserved matters must be approved by the Board.

In line with the recent changes of the Companies Act, Chapter 50, all references to the Memorandum and Articles of Association will be superseded with Constitution and Regulation.

The Board conducts regular Board meetings to review the Group's financial results and where necessary, additional Board meetings are held to address significant issues or transactions of the Group. Dates of the Board and Board Committees meetings are normally fixed by the Directors in advance. The Constitution of the Company allows a meeting of Board or Board Committee to be conducted by means of telephone conference or similar communication equipment pursuant to which all Directors participating in a meeting are able to hear each other, without a Director being in physical presence in meetings. Decisions of the Board and Board Committees may also be deliberated and determined through circular resolutions in writing.

The number of meetings held by the Board and Board Committees and attendance of Directors at the meetings for FY2019 is set out as follows:

Name of Directors	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Chen Qiuhai(1)	7	7	–	–	–	–	–	–
Mr Chua Ser Miang	7	7	3	3	2	2	1	1
Mr Chang Feng-chang(2)	7	7	3	3	2	2	1	1
Mr Xie Yimin(3)	7	2	–	–	–	–	–	–
Ms Goi Lang Ling(4)	7	2	3	2	2	1	1	1
Mr Lin Weibin(5)	7	0	–	–	–	–	–	–
Mr Goi Kok Neng(6)	7	3	3	0	2	0	1	0

(1) Mr Chen Qiuhai was re-designated from Executive Chairman and Chief Executive Officer to Executive Director and Chief Executive Officer with effect from 23 April 2019.

(2) Mr Chang Feng-chang was re-designated from Independent Director to Independent Non-Executive Chairman with effect from 23 April 2019.

(3) Mr Xie Yimin was appointed as the Executive Director of the Company with effect from 23 April 2019.

(4) Ms Goi Lang Ling was appointed as the Non-Executive Director and member of the Audit Committee, Nominating Committee and Remuneration Committee with effect from 23 April 2019.

(5) Mr Lin Weibin resigned as the Executive Director of the Company with effect from 22 January 2019.

(6) Mr Goi Kok Neng was the Non-Executive Director until his demise on 3 February 2019.

The Board is of the view that the contribution of each Director should not focus only on his attendance at meetings of the Board and/or Board Committees. A Director's contribution may also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Group.

The Board has received relevant training to familiarise themselves with the roles and responsibilities of a Director of a public listed company in Singapore. In addition, the Directors may also attend other appropriate or relevant courses, conferences, and seminars. The Management would conduct briefings and orientation programmes to familiarise newly appointed Directors with the various businesses and operations of the Group, including site visits to the Group's plants in the People's Republic of China.

All Directors are provided with relevant information on the Company's policies, procedures, and practices relating to governance issues, including disclosures of interest in securities, dealings in Company's securities, restrictions on disclosures of price-sensitive information and disclosure of interests relating to the Group's businesses. Directors are also updated regularly on key regulatory and accounting changes at quarterly meetings. Directors and key management personnel are encouraged to undergo relevant training to enhance their skills and knowledge, especially on new laws and regulations affecting the Group's operations.

News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (the "**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary would inform the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditor updates the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

Appropriate briefing and orientation will be arranged for newly appointed Directors to familiarise them with the Group's business operation, strategic directions, director's duties and responsibilities and the corporate governance practices. They will also be given opportunities to visit the Group's operation facilities and meet the Management so as to gain a better understanding of the Group's business.

Upon appointment, a new Director will receive appropriate briefings on the Director's duties, responsibilities, disclosure duties, and statutory obligations. Newly appointed Directors will also be briefed by the Management on the business activities of the Group, governance policies, policies on disclosure of interests in securities, the rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during the Board meetings.

A formal letter of appointment would be furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties, and responsibilities as a member of the Board.

Board Composition and Guidance

Principle 2:	***There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

The Board comprises of two (2) Executive Directors, one (1) Non-Executive Director and two (2) Independent Directors. Their combined wealth and diversity of experience enable them to contribute efficiently and effectively to the strategic growth and governance of the Group.

The list of Directors for FY2019 is as follows:

Mr Chang Feng-chang	Independent Non-Executive Chairman ("**Chairman**") (re-designated on 23 April 2019)
Mr Chen Qiuhai	Executive Director and Chief Executive Officer ("**CEO**") (re-designated on 23 April 2019)
Mr Chua Ser Miang	Lead Independent Director
Mr Xie Yimin	Executive Director (appointed on 23 April 2019)
Ms Goi Lang Ling	Non-Executive Director (appointed on 23 April 2019)
Mr Lin Weibin	Executive Director (resigned on 22 January 2019)
Mr Goi Kok Neng	Non-Executive Director (deceased on 3 February 2019)

The profiles of the Directors are set out on pages 14 and 15 of this Annual Report.

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive to effective discussions and decision-making. The Board has examined its size and is of the view that the Board's size of five (5) Directors, of which two (2) are Independent Directors and one (1) is Non-Executive Director, is appropriate and effective, taking into account the nature and scope of the Group's operations.

The Board comprises persons with diverse expertise and experience in accounting, business, and management, finance, legal and risk management who as a group provide core competencies necessary to meet the Group's requirements. This balance is important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Group.

The independence of each Director will be reviewed on an annual basis by the NC and the Board pursuant to the definition of independence of the Code, pursuant to which, an independent director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. The appointment period of each director should also be taken into consideration in determining his independence pursuant to Guideline 2.4 of the Code.

The Board conducts a rigorous review of the independence of the Directors who have served beyond nine years. The Board's rigorous review includes critical examination of any conflicts of interest, as well as review of each director's involvement in affairs of the Company, including board and committee meetings, discussions, views and comments expressed and decisions taken on matters and proposals put before the Board. The review will also take into consideration input from various sources, including the findings of board performance evaluation and assessment of director's performance, as well as feedback from fellow directors including executive directors. Through this exercise, the Board will seek to ascertain the independence of each Independence Director, and his contribution to the effectiveness of the Board's oversight role and in the discharge of its duties and responsibilities in ensuring that the Company is run and managed in the interest of the Company and that of its shareholders.

The Board, after taking into consideration the recommendation of the NC, is of the view that the Mr Chua Ser Miang is independent pursuant to the definition of independence of the Code as there are no relationships or circumstances which could interfere, or could reasonably perceived to interfere with the exercise of independent business judgement of an Independent Director.

Presently, Mr Chang Feng-chang has served on the Board as Independent Director for more than nine years. Taking into account the views of the NC, the Board concurs with the NC that the length of service of a Director should not determine the effectiveness of independence of an Independent Director. The NC and the Board consider it more appropriate to have regard to the Director's contribution in terms of professionalism, integrity, objectivity and the actual display of objectivity and independence in his exercise of judgment in the interest of the Company. The Board is of the view that Mr Chang Feng-chang has over the years developed significant insights into the Group's business and operations, and continue to provide significant and valuable contribution to the Board as a whole. That Mr Chang Feng-chang served more than 9 years as Independent Director has not, in any way, detracted from his exercise of judgement independently and objectively in the interest of the Company and its shareholders.

Mr Chang Feng-chang has abstained from the NC's and Board's deliberation on the matter pertaining to his individual position.

Accordingly, the Board is also satisfied that there is a strong and independent element on the Board which is able to exercise objective judgement on corporate matters independently, in particular, from the Management, and that no individual or small group of individuals dominate the Board's decision-making process.

Chairman and Chief Executive Officer

Principle 3:	***There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.***

Mr Chang Feng-chang is the Independent Non-Executive Chairman. Mr Chen Qiuhai, the founder of the Group is the Executive Director and CEO. The roles of the Chairman and CEO are separate and distinct, each having his own areas of responsibilities. The Board believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

As the CEO, Mr Chen Qiuhai oversees the business direction, long-term strategic planning and the overall management and operations of the Group. He is also responsible for, among others, the exercise of control over quantity, quality and timeliness of information flow between the Management and the Board. He is also assists in ensuring compliance with the Group's guidelines on corporate governance and facilitating the effective contribution of Non-Executive Director. The Directors may also, at any time, visit the Group's operations and facilities to gain a better understanding of the Group's business. If any applicable regulatory change has a material impact on the Group, the Management will brief the Directors at Board meetings.

Mr Chen Qiuhai together with the Management comprising key management personnel and general managers of each subsidiary, are responsible for the day-to-day operation of the Group.

Mr Chang Feng-chang, the Chairman bears responsibilities for leading the Board and the workings of the Board. The Chairman, with the assistance of the Company Secretaries and/or their representative, ensures that the Board meetings are held when necessary and sets the board meeting agenda in consultation with the CEO. The Chairman and the CEO ensure that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully apprised of the affairs of the Company and to make informed judgment on matters tabled before the Board. Board papers incorporating sufficient information from the management are forwarded to the Board members in advance of a Board Meeting to enable each member to be adequately prepared.

Mr Chua Ser Miang has been appointed as Lead Independent Director of the Company pursuant to Guideline 3.3 of the Code. The Lead Independent Director will lead and co-ordinate the activities of the Independent Directors and serve as a principal liaison on Board issues between the Independent Directors and the Executive Directors of the Board. The Lead Independent Director is available to shareholders who have concerns for which contact through the normal channels of the CEO, Executive Directors or Chief Financial Officer have failed to resolve or for which such contact is inappropriate.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors, where necessary, and the Lead Independent Director will provide feedback to the Board after such meetings.

Board Membership

Principle 4:	***There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.***

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience, and knowledge in business, finance and management skills to enable the Board to make effective decisions.

The composition of the NC is:

Mr Chua Ser Miang	Chairman
Mr Chang Feng-chang	Member
Ms Goi Lang Ling	Member

The Lead Independent Director, Mr Chua Ser Miang, is the Chairman of the NC.

Since the majority of the members of the NC are independent, the Board is satisfied that sufficient measures have been put in place to ensure that all matters are deliberated independently and objectively by the NC. This includes that the prohibition of business to be transacted by the NC without a quorum of the meeting, of which should be formed by at least two (2) members, including at least one (1) independent director. The recommendation by the NC would be submitted for the Board's endorsement before implementation.

The key roles of the NC are:

- make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board;
- review the Board structure, size, and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- identify and nominate candidates for the approval of the Board, determine annually whether or not a Director is independent, to fill Board vacancies as and when they arise as well as put in place plans for succession, in particular for the Chairman and the CEO;
- determine the independence of Directors on an annual basis in accordance with Guideline 2.3 and 2.4 of the Code;
- make recommendations to the Board for the continuation (or not) in services of any Director who has reached the age of seventy (70) years, if any;
- recommend Directors who are retiring by rotation to be put forward for re-election;
- decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations;
- recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards;
- assess the effectiveness of the Board as a whole; and
- decide on how the Board's performance may be evaluated and propose objective performance criteria.

Regulation 91 of the Constitution of the Company requires the number nearest to but not less than one-third of the Directors for the time being to retire from office by rotation and subject themselves for re-election by shareholders at the Annual General Meeting ("**AGM**") of the Company. It is also provided by Regulation 97 of the Constitution of the Company that any Director appointed during the financial year shall hold office only until the next AGM of the Company and shall then be eligible for re-election at the AGM of the Company.

The dates of initial appointment and last re-election of each current Director of the Company are set out below:

Name of Directors	Position held on the Board	Date of First Appointment	Date of Last Re-election
Mr Chen Qiuhai	Executive Director and CEO	8 February 2010	27 February 2019
Mr Xie Yimin	Executive Director	23 April 2019	N/A
Mr Chua Ser Miang	Lead Independent Director	23 September 2013	27 February 2019
Mr Chang Feng-chang	Independent Non-Executive Chairman	17 September 2010	27 February 2019
Ms Goi Lang Ling	Non-Executive Director	23 April 2019	N/A

Although the Independent Directors and Non-Executive Director hold directorships in other listed companies, the Board is of the view that such multiple listed company board representations do not hinder them from carrying out their duties as Directors. The Board believes that putting a maximum limit on the number of listed company board representation which a Director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive. The NC and the Board will review the requirement to determine the maximum number of listed board representations as and when they deemed fit.

The NC is of the view that the Independent Directors and Non-Executive Director have each individually contributed their invaluable experience to the Board and given it a broader perspective on the board affairs of the Group. The NC, after taking into account the multiple board representations and principal commitments disclosed by each Independent Director and Non-Executive Director, is satisfied that each Independent Director and Non-Executive Director has allocated sufficient time and attention to the affairs of the Group and to adequately discharge their duties as Directors of the Company.

The Board, unless circumstance warrants, does not encourage the practice of alternate directors appointed for Directors. During FY2019, none of the Directors has put forward the appointment of any alternate director representing them in the Board.

The Board has accepted the recommendation of the NC's nomination for re-election of the retiring Directors, namely Mr Chen Qiuhai, Mr Chang Feng-chang, Mr Xie Yimin and Ms Goi Lang Ling, who have given their consent for re-election, at the forthcoming AGM of the Company. To the best knowledge, the Company is not aware of any relationships (including immediate family relationships) between Directors retiring at the forthcoming AGM of the Company, namely Mr Chang Feng-chang and Mr Xie Yimin, and other Director or 10% shareholders of the Company. Mr Chang Feng-chang has a deemed interest of 0.15% or 270,000 ordinary shares in the capital of the Company (excluding treasury shares) through Kingsley Capital International Pte. Ltd. as at 21 July 2019.

Mr Chen Qiuhai, the other Director retiring at the forthcoming AGM of the Company, is the Executive Director and CEO of the Company. Mr Chen Qiuhai has a deemed interest of 35.59% or 62,931,015 ordinary shares in the capital of the Company (excluding treasury shares) through Sanwang International Holdings Limited as at 21 July 2019.

Ms Goi Lang Ling, the other Director retiring at the forthcoming AGM of the Company, is the Non-Executive Director of the Company. Ms Goi Lang Ling is the daughter of Mr Goi Seng Hui, the Substantial Shareholder of the Company.

Board Performance

Principle 5:	***There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.***

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. The NC is of the view that each individual Director contributes in different areas to the effectiveness of the Board as a whole and the success of the Group, and therefore, it would be more appropriate to assess the performance of the Board as a whole, than assessment on an individual basis. Based on the recommendations of the NC, the Board has established a formal process for assessment of the effectiveness of the Board as a whole.

The NC evaluates the Board's performance as a whole on an annual basis based on performance criteria set out by the Board. The assessment parameters include an evaluation of the Board size and composition of the Board, the Board's independence, Board processes, Board information, Board accountability and standards of conduct of the Directors. The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

During FY2019, the NC conducted the assessment by preparing a performance evaluation questionnaire to be completed by each Director, of which are then collated and the findings are analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

Notwithstanding the foregoing, the performance and contribution of each Director to the Board would be taken into consideration by the NC before putting forward their recommendation for nomination of retiring Directors at the forthcoming AGM of the Company.

Although the individual directors are not formally evaluated, the factors taken into consideration with regards to the re-nomination of Directors for FY2019 are based on their attendance and contributions made at the Board and Board Committees meetings.

The evaluation of effectiveness and performance of each Board Committee as a whole is carried out annually on a self-evaluation basis by the respective members of each Board Committee. The results of the evaluation are reviewed and discussed by each respective Board Committee, and each Board Committee reports the evaluation results to the Board thereafter. The assessment criteria include but are not limited to the composition of the Board Committees and the procedure and accountability of each Board Committee.

The Board, after taking into account of the NC's assessment, is satisfied that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board during FY2019.

No external facilitator has been engaged by the Company for the purpose of evaluation of the Board and Board Committee during FY2019.

Access to Information

Principle 6:	***In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

To assist the Board in fulfilling its responsibilities, the Management provides the Board with a management report containing complete, adequate and timely information prior to the Board meetings. The Board has separate and independent access to the Management, including the Company Secretaries and/or their representative at all times. The Company Secretaries and/or their representatives attend all Board and Board Committees meetings and assists the Board to ensure that proper procedures and all other rules and regulations applicable to the Company are complied with.

The appointment and removal of Company Secretary is subject to approval by the Board.

The Management keeps the Board informed of the Group's operations and performance through regular updates and reports as well as through separate meetings and discussions. The Management will present reports and updates on the Group's performance, financial position, prospects and other relevant information for review at the Board and Board Committee meetings.

In addition, all other relevant information on material events and transactions are circulated by electronic mail to the Directors for review and approval. The key management personnel may be invited to attend Board and Board Committee meetings to answer queries and to provide insights into its Group's operations.

Changes to regulations are closely monitored by the Management, the Directors are briefed during Board meetings and in respect of changes which have an important bearing on the Company or the Directors' disclosure obligations.

The Board and the Chairman of the respective Board Committees, whether as a group or individually, are able to seek independent professional advice as and when necessary in furtherance of their duties and responsibilities. The cost of which advice obtained from a professional firm will be borne by the Company. The appointment of such professional firm is subject to approval by the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.***

The RC comprises two (2) Independent Directors and one (1) Non-Executive Director, the majority of whom, including the Chairman of RC, are considered independent pursuant to the definition of independence of the Code.

The composition of the RC is:

Mr Chua Ser Miang	Chairman
Mr Chang Feng-chang	Member
Ms Goi Lang Ling	Member

The key roles of the RC are:

- review and recommend to the Board the remuneration packages and terms of employment of the Executive Directors and key management personnel;
- review and recommend to the Board the grant of options or share awards pursuant to long-term incentive schemes which may be set up from time to time;
- carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time; and
- ensure that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share options, share-based incentives and awards, and benefit-in-kind are covered.

As part of its review, the RC shall take into consideration:

- the remuneration packages should be comparable within the industry practices and norms and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual performance;

- the remuneration packages of employee related to Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scope and levels of responsibility; and

- Principle 8 of the Code.

The RC aims to be fair and avoid rewarding poor performance and review the Group's obligation in the event of termination of the contract of service for Executive Directors and key management personnel of the Group.

The recommendations of the RC would be submitted to the Board for endorsement. The RC has full authority to engage any external professional to advise on matters relating to remunerations as and when the need arises. No individual Director shall be involved in deciding his or her own remuneration. The Company has not engaged any remuneration consultant in respect of the remuneration matters of the Group during FY2019.

Each member of the RC shall abstain from reviewing and voting any recommendation or any resolutions in respect of his or her own remuneration package or that of employees related to him or her, or any other matters concerning him or her to be deliberated by the RC, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

Level and Mix of Remuneration

Principle 8: ***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

In setting remuneration packages, the RC takes into consideration prevailing economic situation, pay and employment conditions within the similar industry and in comparable corporations. As part of its review, the RC ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of Executive Directors and is designed to align the Directors' interests with those of shareholders and link rewards to corporate and individual performance.

The RC also reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurate with the contribution and responsibilities of the Non-Executive Directors.

The Non-Executive Directors and Independent Directors do not have any service contracts. They receive Directors' fees, which takes into account their level of contribution and responsibilities. The payment of Directors' fees are subject to shareholders' approval at the forthcoming AGM of the Company.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprises primarily a basic salary component and a variable component which is inclusive of bonuses and other employee benefits. The Service Agreement for the Executive Director and the CEO is for a fixed appointment period of three (3) years with effect from 8 October 2010, the date when the Company is admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Service Agreement for the Executive Chairman and the CEO was renewed on 7 October 2016 for another period of three (3) years under the same terms and conditions unless otherwise terminated by either party giving not less than six months' notice in writing to the other.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedy against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: ***Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors, key management personnel and their performance.***

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors), in percentage terms showing the level and mix, for FY2019 falling within the bands is set out below:

Remuneration Band and Name	Salary	Bonus	Directors' Fees	Allowances and Other Benefits	Total
Directors	%	%	%	%	%
Below S$250,000					
Mr Chen Qiuhai(1)	91	–	–	9	100
Mr Chua Ser Miang	–	–	100	–	100
Mr Chang Feng-chang(2)	–	–	100	–	100
Mr Xie Yimin(3)	90	–	–	10	100
Ms Goi Lang Ling(4)	–	–	100	–	100
Mr Lin Weibin(5)	100	–	–	–	100
Mr Goi Kok Neng(6)	–	–	100	–	100
Key Management Personnel					
Below S$250,000					
Mr Zhou Chen	83	8	–	9	100
Mr Liu Liping	90	–	–	10	100
Mr Zheng Renmei	91	–	–	9	100
Mr Cai Jiqiang(7)	79	–	–	21	100

(1) Mr Chen Qiuhai was re-designated from Executive Chairman and Chief Executive Officer to Executive Director and Chief Executive Officer with effect from 23 April 2019.

(2) Mr Chang Feng-chang was re-designated from Independent Director to Independent Non-Executive Chairman with effect from 23 April 2019.

(3) Mr Xie Yimin was appointed as the Executive Director of the Company with effect from 23 April 2019.

(4) Ms Goi Lang Ling was appointed as the Non-Executive Director and member of the Audit Committee, Nominating Committee and Remuneration Committee with effect from 23 April 2019.

(5) Mr Lin Weibin resigned as the Executive Director of the Company with effect from 22 January 2019.

(6) Mr Goi Kok Neng was the Non-Executive Director until his demise on 3 February 2019.

(7) Mr Cai Jiqiang resigned on 26 July 2018.

There is no employee of the Group who is an immediate family member of any Director or the CEO and whose remuneration has exceeded S$50,000 for FY2019.

For FY2019, the aggregate total remuneration paid to the key management personnel (who are not the Directors or the CEO) of the Company amounted to approximately RMB952,000.

For FY2019, there were no termination, retirement or post-employment benefits granted to the Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service.

The Board believes that the full disclosure on the remuneration of Directors and key management personnel is not in the best interests of the Group in light of the remuneration confidentiality and the avoidance of poaching of Directors and key management personnel of the Group.

The RC has reviewed and approved the remuneration packages of the Directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Directors and key management personnel are adequately but not excessively remunerated.

The Company has existing share incentives schemes, namely Yamada Green Resources Share Option Scheme and Yamada Green Resources Performance Share Plan (the "Schemes") as long term incentive schemes for the Directors and employees of the Group, whose services are vital to the Group's success. Both Schemes will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

Information relating to the Schemes is set out on page 39 to 40 of this Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: ***The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

The Board is accountable to the shareholders for the Group's operations, financial position and performance. In this respect, the Board endeavours to ensure that the annual audited financial statements and quarterly and full year financial results announcements of the Group present a balanced and clear assessment of the Group's operations, performance, financial position and prospects. The Board embraces openness and transparency in the conduct of the Group's affairs, whilst preserving the commercial interests of the Group.

The Management provides the Board on a quarterly basis or as and when at the request of Board, financial reports and other information on the Group's operations, performance, financial position and prospects for their effective monitoring and decision-making.

The Directors may seek independent professional advice and receive relevant training wherever applicable so as to maintain continuing standards and vigilance of the Board.

Risk Management and Internal Controls

Principle 11:	***The Board is responsible for governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

The Board ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Group's assets and in this regard, the Board is assisted by the AC and the management which conducts the reviews. At this stage, the Board is of the view that a separate board risk committee need not be established as the Board is currently responsible for the implementation of the Company's risk management framework and policies and the current arrangement is effective for the time being.

The Management reviews regularly the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. In addition, both the external auditors and the internal auditors of the Group carry out, during the course of their statutory audit, the review of existence adequacy and effectiveness of the Group's material internal controls, including company level, financial, operational, compliance and information technology controls. Material non-compliance and internal control weaknesses are reported to the AC together with their recommendation for improvements of the Group's internal controls. The Management will follow up and implement the recommendations suggested by the external auditors and internal auditors of the Group so as to strengthen the Group's risk management procedures.

The Company's internal auditors had conducted appropriate reviews to ensure that the system of internal controls and risk management maintained by the Group is adequate and effective.

The AC has relied on the internal auditors and external auditors to carry out the assessment of the effectiveness of key internal controls during the financial year. Any material non-compliance or weaknesses in internal controls and risk management system or recommendations from the internal auditors and external auditors to further improve systems of internal controls and risk management system are reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal auditors and external auditors.

The Board has received assurance from the CEO and the Executive Director respectively that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances; and the Group's internal control system and risk management system is in place and effective in addressing the material risks identified by the Group in its current business environment including material financial, operational, compliance and information technology risks.

In addition, the AC and the Board had reviewed the adequacy and the effectiveness of the Group's system of internal controls and risk management system in light of key business and financial risks affecting the operations.

In compliance with Rule 1207(10) of the Listing Manual of the SGX-ST, the Board with the concurrence of the AC, is of the opinion that the internal controls and risk management systems of the Group are adequate and effective in addressing financial, operational, compliance and information technology risks and ensuring assets of the Group are safeguarded as at 30 June 2019, based on the various management controls in place, the reports from the external auditors, reviews conducted by the Management, and the assurance from the CEO and the Executive Director.

The system of internal control provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board also notes that all internal control system and risk managements system contain inherent limitations and no system of internal controls or risk management system could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board will continue its risk assessment process, which is an on-going process, with a view to improving the Company's internal control system.

Information in relation to the risks arising from the Group's financial operations is disclosed in the notes to the accompanying audited financial statements on pages 135 to 138.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises two (2) Independent Directors and one (1) Non-Executive Director, the majority of whom, including the Chairman of AC, are considered independent pursuant to the definition of independence of the Code.

The composition of the AC is:

Mr Chang Feng-chang	Chairman
Mr Chua Ser Miang	Member
Ms Goi Lang Ling	Member

None of the AC members is a former partner or director of the Company's existing auditing firm or auditing corporation within a period of twelve months commencing on the date of his/her ceasing to be partner of the auditing firm or a director of the auditing corporation; and in any case, a person has any financial interest in the auditing firm or auditing corporation.

The AC meets regularly with the Group's external auditors and internal auditors, with or without the presence of the Management, to review accounting, auditing and financial reporting matters of the Group.

The AC also monitors proposed changes in accounting policies, reviews internal audit functions and discusses the accounting implications of major transactions. In addition, the AC advises the Board regarding the adequacy and the effectiveness of the Group's internal controls and risk management system and the contents and presentation of reports.

The Board considers that the members of the AC are appropriately qualified to fulfill their responsibilities as the members bring with them invaluable managerial and professional expertise in the financial, legal and industry domain.

The AC duties is to perform the following functions:

- review the financial and operating results and accounting policies;
- review the effectiveness and adequacy of internal accounting and financial control procedures;
- review the audit plans of the internal auditors and external auditors and evaluates their overall effectiveness through regular meetings with each group of internal auditors and external auditors;
- evaluate the adequacy and effectiveness of the risk management system and internal control systems of the Group, including financial, operational, compliance and information technology controls, by reviewing written reports from the internal auditors and external auditors, and the Management's responses and actions to correct any deficiencies;
- review the quarterly and annual financial statements and results announcements and the external auditor's report before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;

- ensure co-ordination between the external auditors and the Management, and review the co-operation given by the Company's officers to the external auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any other matters which the auditors may wish to discuss (without the presence of the Management, where necessary);

- review and discuss with the external auditors and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

- review and evaluate the independence and performance of the external auditors and to consider their appointment, remuneration and re-appointment;

- review interested person transactions to ensure that they are on normal commercial terms and will not be prejudicial to the interests of the Company or its minority shareholders; review potential conflicts of interest;

- review the key financial risk areas, with a view to providing independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNet;

- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

- review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

- generally undertake such other functions and duties as may be required by the legislation, regulations or the Listing Manual of the SGX-ST, or by such amendments as may be made thereto from time to time.

The AC has full access to and co-operation of the Management and external auditors and internal auditors. The AC also has the discretion to invite any Director and key management personnel to attend AC meetings. The AC has adequate resources to enable it to discharge its responsibilities properly. The internal auditors and external auditors have unrestricted access to the AC. Both the external auditors and internal auditors report directly to the AC in respect of their findings and recommendations for improvements within the Group.

The AC has targeted to meet with the external auditors and internal auditors, each separately without the presence of the Management, annually. The AC reviews the findings from the external auditors and internal auditors and the assistance given to the external auditors and internal auditors by the Management. During FY2019, the AC has met once with external auditors of the Company, Messrs Foo Kon Tan LLP ("FKT") without the presence of Management.

The AC is kept abreast with changes to accounting standards and issues which have a direct impact on financial statements through attendance at seminars and/or briefings delivered by the Management or external auditors.

The external auditors, during their course of external audit, will evaluate the effectiveness and adequacy of the Group's internal controls and report to the AC, together with their recommendations for improvements on material weakness and non-compliance of the Group's internal controls.

The breakdown of fees paid in total for audit and non-audit fees services for FY2019 is disclosed in the notes to the accompanying audited financial statements on page 115.

The AC, having reviewed the scope and value of non-audit services provided by the external auditors, which comprise due diligence services, is satisfied that the nature and extent of such services will not prejudice and affect the independence and objectivity of the external auditors of the Company, Messrs Foo Kon Tan LLP.

The AC will undertake a review of the scope of services provided by the external auditors, the independence and the objectivity of the external auditors on annual basis. Messrs Foo Kon Tan LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with ACRA and provided confirmation of their independence to the AC. The AC had assessed the external auditors based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group, the size and complexity of the Group's audit. Accordingly, the AC is satisfied that Rule 712 of the Listing Manual of the SGX-ST is complied with and has recommended to the Board the nomination of Messrs Foo Kon Tan LLP for re-appointment as auditors at the forthcoming AGM of the Company.

The Company has complied with Listing Rule 715 as the Company and its subsidiaries are audited by Foo Kon Tan LLP (the "Group Auditors") for consolidation purposes. Group Auditors as auditors of the Company is responsible for the performance of the audit of the Group and for issuing an auditor's report for the Group that is appropriate in the circumstances. The auditing standards do not allow the Group Auditors in its auditor's report to refer to a component auditor (or the auditors of the subsidiaries of the Group) unless required by law or regulations.

In July 2010, the Singapore Exchange Limited and Accounting and Corporate Regulatory Authority had launched the "Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the guidance.

The AC had reviewed, approved and implemented a Whistle Blowing Policy which provides well-defined and accessible channels in the Group through which employees of the Group may, in confidence, raise concerns about possible improprieties in the matter of financial reporting or other matters within the Group. The policy includes arrangements for an independent investigation and appropriate follow-up of such matters. Details of the policy and arrangements have been made available to the employees. The AC reported that there was no report received through the whistle-blowing mechanism during FY2019.

The AC had reviewed the Company's key financial risk areas and noted that apart from the exchange rate differences, the Group has not entered into any financial contracts which will give rise to financial risks.

Each member of the AC shall abstain from reviewing and voting any recommendation or any resolutions in relation to matters concerning him or her to be deliberated by the AC, if any, except for providing information and documents specifically requested by the AC to assist it in its deliberations.

The AC has explicit authority to investigate any matter within its terms of reference. The AC has, within its terms of reference, the authority to obtain independent professional advice at the Company's expense as and when the need arises in furtherance of their duties and responsibilities.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets.

The AC will approve the appointment, removal, evaluation and compensation of internal auditors. The Company has outsourced its internal audit functions of the Group to Crowe Horwath First Trust Risk Advisory Pte. Ltd., to perform the review and the test of controls of the Group's processes and procedures.

The internal auditors reports directly to the AC on internal audit matters and administratively to the CEO of the Group.

The internal auditors are responsible for evaluating reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, assisting the AC in the review of interested person transactions (if any) and ensuring that the internal controls of the Group are adequate for proper recording of transactions and safeguarding the assets of the Group. The internal auditors will also carry out major internal control checks and compliance tests as instructed by the AC.

The AC will review the internal auditors' reports and ensure that there are adequate and effective internal controls within the Group. The AC, on an annual basis, will assess adequacy and effectiveness of the internal audit function by examining the scope of the internal audit work, the qualification and independence of internal auditors, the internal auditors' reports and ensure that the internal auditors possessing relevant qualifications and experience to adequately perform its functions.

The AC will ensure that the internal auditors meet or exceed the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: ***Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings.

In accordance with the Constitution of the Company, a shareholder may appoint not more than two (2) proxies to attend and vote in his or her stead at a general meeting. All shareholders are allowed to vote in person or by proxy. Central Provident Fund ("CPF") investors may attend general meetings as observers provided they have registered to do so with CPF Approved Nominees within the time frame specified. The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies.

On 3 January 2016, the legislation was amended, among other things, to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchase shares on behalf of the CPF investors.

Communication with Shareholders

Principle 15: ***Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

The Company believes that a high standard of disclosure is the key to raise the level of corporate governance and the level of shareholders' confidence towards the Group. The quarterly financial statements, full-year financial statements and news releases are published via SGXNet. The major development of the Group's activities is also disseminated via SGXNet.

The Company does not practice selective disclosure. Price-sensitive information is publicly released and financial statements and annual reports or circulars are announced or issued within the mandatory period.

The annual reports or circulars will be disseminated to every shareholder of the Company prior to the general meeting. The notice of the general meeting is advertised in a major newspaper and released via SGXNet.

The essential information of the Group is available on the Company's website at http://www.yamada-green.com pursuant to which shareholders could access to, inter alia, corporate announcements, press releases and the latest financial statements disclosed by the Company via SGXNet.

The Company currently does not have any formal fixed dividend policy. The Company may declare a final dividend for shareholders' approval in a general meeting but no dividend or distribution shall be declared in excess of the amount recommended by the Directors. The Directors may also from time to time declare a dividend or other distribution. The declaration and payment of dividends will be determined at the sole discretion of the Directors, and will depend upon the Group's operating results, financial conditions, other cash requirements including capital expenditures, the terms of the borrowing arrangements (if any), and other factors deemed relevant by the Directors.

Conduct of Shareholder Meetings

Principle 16: ***Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.***

The shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Company welcomes the views of the shareholders on matters concerning the Group and encourages shareholders' participation at general meetings.

Each item of special business appeared on the notice of the general meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions on each distinctive issue are proposed at general meetings for shareholders' approval.

The Chairman of the AC, NC, and RC of the Company are usually available at general meetings to address questions from the shareholders. The external auditors of the Company will also be present to address any relevant queries in relation to the conduct of audit and auditors' report by the shareholders during general meetings.

The Company shall adhere to the requirements of the Code where all resolutions are to be voted by poll for general meetings held on or after 1 August 2015. The detailed voting result of each of the resolutions is announced by the chairman of the meeting at the general meeting. The voting result for the total numbers of votes cast for or against each resolution during the poll will be announced via SGXNet after the market close.

The Company will make available minutes of general meetings to the shareholders of the Company upon their request.

The Group understands the increasing global attention towards issues of environmental protection and social responsibility. In this respect, the Group continues its commitment towards sustainable development of self-cultivated shiitake mushrooms, moso bamboo trees, bamboo shoots, and processed food products, including mushrooms, vegetables and high fibre food products (mainly konjac-based) as part of the Group's corporate social responsibility. The Group has embarked on voluntarily sustainability reporting on an annual basis as an integral part of good corporate governance. The practice of sustainability reporting has thus improved stakeholders communications by providing an additional reporting dimension beyond the financial performance of the Group.

DEALINGS IN SECURITIES

The Group has adopted its own Internal Compliance Code on Dealing in Securities by setting out regulations with regard to dealings in the Company's securities by its Directors and officers, that is modelled, with some modifications, pursuant to Rule 1207(19) of the Listing Manual of the SGX-ST. The Group's Internal Compliance Code on Dealing in Securities provides guidance for Directors and officers on their dealings in the Company's securities.

The Group's Internal Compliance Code on dealing in securities prohibits the Directors and officers from dealing in the Company's securities during specific period, pursuant to which, they are advised not to deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full-year financial statements and ending on the release date of the announcement of the Company's financial statements on the SGX-ST.

In addition, the Company, Directors, and officers are expected to observe insider trading laws at all times including when they are in possession of unpublished price-sensitive information of the Group during the permitted trading period. They are also discouraged from dealing in the Company's shares on short term consideration.

INTERESTED PERSON TRANSACTIONS

The Company does not have a general mandate from shareholders for interested person transactions. Nevertheless, the Company has established internal control procedures to ensure any transaction entered into with interested persons are properly reviewed and approved by the AC with a view to ensuring transactions conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

There were no interested person transactions entered into between the Group and any of its interested persons defined under Chapter 9 of the Listing Manual of the SGX-ST for FY2019.

MATERIAL CONTRACTS

Save for those material contracts disclosed in the financial statements and on announcements via SGXNet, there were no any other material contracts entered into by the Company or any of its subsidiaries, involving the interests of the CEO, Director or controlling shareholder of the Company during FY2019.

DIRECTORS' STATEMENT

The directors are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2019.

In the opinion of the directors,

(a) the accompanying financial statements of the Company and of the Group are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr Chang Feng-chang	Independent Non-Executive Chairman (re-designated on 23 April 2019)
Mr Chen Qiuhai	Executive Director and Chief Executive Officer (re-designated on 23 April 2019)
Mr Chua Ser Miang	Lead Independent Director
Mr Xie Yimin	Executive Director (appointed on 23 April 2019)
Ms Goi Lang Ling	Non-Executive Director (appointed on 23 April 2019)
Mr Lin Weibin	Executive Director (resigned on 22 January 2019)
Mr Goi Kok Neng	Non-Executive Director (deceased on 3 February 2019)

Directors' interests

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, particulars of interests of the directors who held office at the end of the financial year in the shares or debentures of the Company and its related corporations are as follows:

	Number of ordinary shares			
	Holdings registered in the name of director		**Holdings in which director is deemed to have an interest**	
The Company -	As at	**As at**	As at	**As at**
Yamada Green Resources Limited	1.7.2018	**30.6.2019**	1.7.2018	**30.6.2019**
Chen Qiuhai	–	**–**	62,931,015	**62,931,015**
Chang Feng-chang	–	**–**	270,000	**270,000**

By virtue of the provisions of Section 7 of the Singapore Companies Act, Cap. 50, Chen Qiuhai is deemed to have interests in all of the subsidiaries of the Company at the beginning and at the end of the financial year.

There are no changes to the above shareholdings as at 21 July 2019.

Directors' interests (Cont'd)

Share option scheme

At an Extraordinary General Meeting of the Company held on 29 April 2011, the shareholders approved the Yamada Green Resources Employee Share Option (the "Scheme") and Yamada Green Resources Performance Share Plan (the "Plan"). The Scheme and the Plan are administered by the Company's Remuneration Committee, or such other committee comprising Directors of the Company duly authorised and appointed by the board of directors to administer the Scheme and the Plan (the "Committee").

The principal features of the Scheme and the Plan are described below.

The Scheme

Under the Scheme,

- the executive directors and employees of the Group are eligible to participate in the Scheme. Executive directors and employees who are also controlling shareholders or their associates are not eligible to participate in the Scheme;

- the selection of, and the actual number of new ordinary shares to be offered under the Scheme to participants of the Scheme will be determined by the Committee, which will take into account of criteria such as employee's rank, performance, years of service and potential for future development, and contribution to the success and development of the Group;

- the Company has the flexibility to grant options at the subscription prices (i) at the market price of a share at the time of grant; and/or (ii) at an upfront discount of no more than 20% discount to the market price of a share at the time of grant;

- options granted with the subscription price set at or above the market price shall only be exercisable, in whole or in part, by a participant after the first anniversary of the date of offer of that option and in accordance with the vesting period and the conditions (if any) to be determined by the Committee on the date of offer of the relevant options;

- options granted with the subscription price set at a discount to the market price shall only be exercisable, in whole or in part, by a participant after the second anniversary of the date of offer of that option and in accordance with the vesting period and the conditions (if any) to be determined by the Committee on the date of offer of the relevant options; and

- provided always that all options shall be exercised before the fifth anniversary of the relevant date of offer of the option, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void.

The Plan

Under the Plan,

- awards given to a particular employee will be determined at the discretion of the Committee, who will take into account of factors such as the selected employee's capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group;

- the Committee may also set specific criteria and performance targets for each of its business units, taking into account of factors such as (i) the Company's and the Group's business goals and directions for each financial year; (ii) the selected employee's actual job scope and responsibilities; and (iii) the prevailing economic conditions;

Directors' interests (Cont'd)

Share option scheme (Cont'd)

The Plan (Cont'd)

- the selection of an employee and the number of shares which are the subject of each award to be granted to an employee in accordance with the Plan shall be determined by the Committee, which shall take into account criteria such as the selected employee's rank, job performance, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period;

- the Committee shall have absolute discretion to decide whether a person who is participating in the Plan shall be eligible to participate in any other share option scheme or share award scheme implemented by the Company or any other company within the Group;

- new shares allotted and issued on the release of an award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank pari passu with other existing shares then in issue; and

- the "aggregate market price" of the shares to be paid to a selected employee in lieu of allotment or transfer, shall be calculated in accordance with the following formula:-

  A = B x C

  Where:-

  A is the aggregate market price of the shares to be paid to the selected employee in lieu of all or some of the shares to be issued or transferred upon the release of an award;

  B is the market price of each share; and

  C is such number of shares to be issued or transferred to a selected employee upon the release of an award in accordance with the rules of the Plan.

- the aggregate number of shares to be issued pursuant to the Scheme and the Plan granted on any date, when added to the number of shares issued and/or issuable under the scheme or such other share-based incentive plans of the Company, shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares) on the day preceding that date.

The Scheme and the Plan will continue in operation, for a maximum duration of 10 years commencing from its adoption by shareholders on 29 April 2011.

Share options

No options were granted during the financial year to take up unissued shares of the Company or any subsidiaries.

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

Audit committee

The Audit Committee at the end of the financial year comprises the following members:

Chang Feng-chang (Chairman)
Chua Ser Miang
Goi Lang Ling (Appointed on 23 April 2019)

All members of the Audit Committee are non-executive directors.

The Audit Committee performs the functions set out in Section 201B (5) of the Singapore Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

(i) overall scope of the external audit and the assistance given by the Company's officers to the auditors. It met with the Company's external auditor to discuss the results of their respective examinations;

(ii) the audit plan of the Company's independent auditor for the statutory audit;

(iii) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2019 as well as the independent auditor's report thereon;

(iv) met with the external auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(v) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vi) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(vii) reviewed the nature and extent of non-audit services provided by the external auditor;

(viii) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor and reviewed the scope and results of the audit;

(ix) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(x) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Board of Directors are in the process of commissioning an independent internal control review pending the review of the Audit Committee.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Corporate Governance Report.

In appointing our auditors for the Company and its subsidiaries, the directors have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

Other information required by the SGX-ST

Material information

Apart from the Service Agreement between a director and the Company, there is no material contract to which the Company or any of its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year ended 30 June 2019.

Interested person transactions

There was no interested person transaction as defined in Chapter 9 of the SGX-ST Listing Manual conducted during the financial year except as disclosed under "Interested Person Transactions" in the "Statement of Corporate Governance" section of the annual report and on Note 30 to the accompanying financial statements.

On behalf of the Directors

CHEN QIUHAI

CHANG FENG-CHANG

Dated: 30 September 2019

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Yamada Green Resources Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) ("SFRS(I)"), so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2019 and of the financial performance, changes in equity and cash flows of the Group for the year then ended.

Basis for Qualified Opinion

Our independent auditor's report on the consolidated financial statements of the Group and the statement of financial position of the Company for the financial years ended 30 June 2017 and 2018 dated 30 January 2019 contained a disclaimer of opinion on those financial statements. The basis for disclaimer of opinion on the financial statements is as disclosed in the auditors' report of those financial statements.

To the extent of the spill over of the effect on the disclaimer of opinion in FY2017 and FY2018 onto the financial statements for the financial year ended 30 June 2019, the opening balance has been qualified on the uncertainty of the possible impact to the assets, liabilities and income statement as of and for the financial year ended 30 June 2019, which may be affected and impacted by any circumstances not known of as at the date of this report. Accordingly, the financial statements have been qualified to this extent.

Unaccountable balance of RMB 29,349,000

In so far as the opening balance of the unaccountable balance of RMB 29 million is concerned, it relates to the residual which cannot be represented as at 30 June 2018. For the financial year ended 30 June 2019, the management has tried to authenticate whether the residual sum of RMB 29 million standing as a credit balance is a liability, income or deferred income. In this regard, the PRC subsidiaries' legal counsel has conducted legal due diligence processes to verify this residual sum and its completeness.

Given the passage of time, because of the inherent nature of the residual sum which was derived from the reconstruction of the books and records since FY2017 and FY2018, the management believed that the residual sum should be fairly represented as a non-distributable reserve standing in equity. On this basis, we were of the opinion that the transfer of the unaccountable balances from trade and other payables to equity as a non-distributable reserve as at 30 June 2019 has been satisfactory resolved and dealt with. Full details can be found in Note 21.

Basis for Qualified Opinion (Cont'd)

Other items of disclaimer of opinion in FY2017 and FY2018

In so far as to the disclaimer of opinion made in FY2017 and carried forward to FY2018, the matters referred below were resolved during the financial year ended 30 June 2019 as follows:

(a) Moso bamboo and eucalyptus plantation

The realisation from the disposal of the moso bamboo and eucalyptus plantation and the net sum from the realisation has been recognised and recorded in the income statement during the year ended 30 June 2018. Since that date and to the date of this report, there has been no claim whatsoever or howsoever which the PRC subsidiaries were made aware of as well as the PRC subsidiaries' legal counsel had made attempts to notify parties to this business and to file any possible claims. Because of the fact that there was no claim received, we were of the opinion that the realisation of the moso bamboo and eucalyptus plantation since FY2018 were satisfactory resolved and dealt with during the financial year ended 30 June 2019.

(b) Processed food products

As most of the sales of the processed food products which comprised mainly mushrooms and bamboo shoots food products were exported to Japan, we have performed the necessary circularisation procedures for which confirmations have been received and/or alternative audit procedures have been carried out for the financial year ended 30 June 2019. In so far as the liabilities are concerned, the ongoing business and the suppliers and creditors which have been inactive, the PRC subsidiaries' legal counsel had sent and obtained confirmations. On this basis, we were of the opinion that the recording of the books and records, in so far as it related to transactions with these parties was legally and satisfactory dealt with during the financial ended 30 June 2019.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters (Cont'd)

Impairment assessment and valuation of property, plant and equipment, investment properties and land use rights	Audit Response/ Procedures
Risk identified As at 30 June 2019, the total carrying amount of the Group's property, plant and equipment, investment properties and land use rights was approximately RMB 64.0 million, RMB 180.7 million and RMB 18.6 million respectively (2018: RMB 71.2 million, RMB 173.4 million, RMB 22.9 million) and the carrying amount of the Company's investment property was RMB 7.8 million (2018: Leasehold property of RMB 8.4 million) as at that date. The Group and Company have performed an impairment assessment and valuation on its property, plant and equipment, investment properties and land use rights. The impairment assessment and valuation exercise were significant to our audit because these assets were material to the financial statements of the Group and the Company and the assessment process by management involves significant judgment and accounting estimates. The accounting policy for the property, plant and equipment, investment properties and land use rights is set out in Notes 4, 8, and 6 to the accompanying financial statements.	Our audit procedures included, among others: ● evaluated and challenged the material assumptions as well as the sensitivity to change in the assumptions made by an independent valuation expert of the Group and the Company; ● assessed the competency, capability and objectivity of the independent valuation expert; ● engaged our auditor expert in evaluating the appropriateness of the methodologies and assumptions made by the independent valuation expert; ● evaluated whether our auditor expert has the necessary competence, capability and objectivity for our purpose; and ● assessed the adequacy of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the annual reports for FY2017 and FY2018 contained a disclaimer of opinion which have an impact on the opening balances of the Group and the Company for the financial year ended 30 June 2019. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

(1) The 2018 audited report dated 30 January 2019 on the financial statements contained a disclaimer of opinion on land use rights and internal control and corporate governance, which were resolved for the financial year ended 30 June 2019 as follows:

a) Land use rights

The land use rights with a carrying amount of RMB 913,000 (2018: RMB 947,000) in relation to parcel of land located at No. 2 Shengfeng Road, Liantang Town, Pucheng County, Nanping City, Fujian Province in the PRC continue to be subject to certain restrictions as to the intended use. As the amount is not material to the financial statements, disclosure of the restricted use of the land use rights has been made in Note 6 to the financial statements.

b) Internal control and corporate governance

The Company's internal auditor has performed an internal audit and a review of the corporate governance of the Company for the period from 1 May 2018 to 30 April 2019 and has submitted the draft internal controls report to the SGX in September 2019. Management has put in place internal control policies effective from 1 May 2019. To the extent applicable, we have obtained an understanding of the internal controls that are relevant to our audit of the Company and the Group for the year ended 30 June 2019.

Other Matters (Cont'd)

(2) Report made by BDO LLP to the Minister of Finance ("MOF") of Singapore

As fully explained in the 2018 Annual Report, BDO LLP had, on 25 September 2017, informed the Board that it had made a confidential report to the MOF under Section 207(9A) of the Act on 21 September 2017.

As of the date of this report, there is no further development noted.

The engagement partner on the audit resulting in this independent auditor's report is Chang Fook Kay.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 30 September 2019

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

	Note	The Company 30 June 2019 RMB'000	The Company 30 June 2018 RMB'000	The Company 1 July 2017 RMB'000	The Group 30 June 2019 RMB'000	The Group 30 June 2018 RMB'000	The Group 1 July 2017 RMB'000
ASSETS							
Non-Current Assets							
Property, plant and equipment	4	**2**	8,395	7,974	**63,976**	71,179	25,375
Biological assets	5	**–**	–	–	**–**	–	68,117
Land use rights	6	**–**	–	–	**18,618**	22,931	23,473
Intangible assets	7	**–**	–	–	**70**	34	–
Investment properties	8	**7,770**	–	–	**180,698**	173,352	108,820
Investments in subsidiaries	9	**149,762**	149,762	149,762	**–**	–	–
Investments in associates	10	**–**	–	–	**–**	43,423	43,989
Prepayments	11	**–**	–	–	**–**	–	–
Long term deposit	12	**–**	–	–	**–**	–	–
Deferred tax assets	13	**–**	–	–	**–**	–	2,005
		157,534	158,157	157,736	**263,362**	310,919	271,779
Current Assets							
Biological assets	5	**–**	–	–	**–**	–	–
Inventories	14	**–**	–	–	**23,833**	27,819	20,988
Trade and other receivables	15	**146,595**	154,077	153,215	**25,306**	54,820	141,775
Prepayments	16	**86**	126	18	**86**	126	18
Cash and bank balances	17	**521**	370	2,131	**12,901**	10,540	6,628
		147,202	154,573	155,364	**62,126**	93,305	169,409
Associates classified as held for sale	18	**–**	–	–	**39,933**	–	–
Total assets		**304,736**	312,730	313,100	**365,421**	404,224	441,188
EQUITY							
Capital and Reserves							
Share capital	19	**322,210**	322,210	322,210	**322,210**	322,210	322,210
Share-based payment reserve	20(a)	**2,016**	2,016	2,016	**2,016**	2,016	2,016
Statutory reserve	20(b)	**–**	–	–	**71,135**	71,135	71,135
Revaluation reserve	20(c)	**–**	–	–	**38,130**	35,775	–
Other reserve	20(d)	**–**	–	–	**29,349**	–	–
Accumulated losses		**(28,912)**	(23,695)	(19,358)	**(173,507)**	(138,503)	(167,639)
Total equity attributable to owners of the Company		**295,314**	300,531	304,868	**289,333**	292,633	227,722
LIABILITIES							
Non-Current Liabilities							
Bank borrowings	22	**5,078**	4,509	4,843	**5,078**	4,509	4,843
Deferred tax liabilities	13	**–**	–	–	**32,805**	32,126	3,711
		5,078	4,509	4,843	**37,883**	36,635	8,554
Current Liabilities							
Trade and other payables	21	**3,974**	7,312	3,009	**34,835**	70,557	204,449
Bank borrowings	22	**370**	378	380	**3,370**	4,378	380
Current income tax payable		**–**	–	–	**–**	21	83
		4,344	7,690	3,389	**38,205**	74,956	204,912
Total liabilities		**9,422**	12,199	8,232	**76,088**	111,591	213,466
Total equity and liabilities		**304,736**	312,730	313,100	**365,421**	404,224	441,188

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

The Group	Note	**Year ended 30 June 2019 RMB'000**	Year ended 30 June 2018 RMB'000 (Restated)
Revenue	23	**61,358**	107,101
Cost of sales		**(71,065)**	(105,265)
Gross results		**(9,707)**	1,836
Revenue from rental income from investment properties	24	**5,058**	2,792
Other operating income	25	**4,413**	74,163
Selling and distribution expenses	26(a)	**(1,540)**	(2,511)
Administrative expenses	26(b)	**(16,652)**	(23,440)
Other operating expenses	26(c)	**(15,880)**	(4,283)
Finance costs	26(d)	**(404)**	(261)
Share of loss of associates classified as held for sale	10	**(309)**	(566)
(Loss)/profit before taxation	27	**(35,021)**	47,730
Taxation	28	**17**	(18,594)
Total (loss)/profit for the year		**(35,004)**	29,136
Other comprehensive income after tax			
Items that will never be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment - leasehold properties	26(e)	**2,355**	35,775
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(32,649)**	64,911
		Cents RMB	Cents RMB
(Loss)/earnings per share:			
- Basic	29	**(19.8)**	16.5
- Diluted	29	**(19.8)**	16.5

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

The Group	Note	Share capital RMB'000	Other reserve-non distributable RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Revaluation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 July 2017		322,210	–	2,016	71,135	–	(167,639)	227,722
Profit for the year		–	–	–	–	–	29,136	29,136
Other comprehensive income for the year		–	–	–	–	35,775	–	35,775
Total comprehensive income for the year		–	–	–	–	35,775	29,136	64,911
At 30 June 2018		**322,210**	**–**	**2,016**	**71,135**	**35,775**	**(138,503)**	**292,633**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(35,004)**	**(35,004)**
Other comprehensive income for the year		**–**	**–**	**–**	**–**	**2,355**	**–**	**2,355**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**2,355**	**(35,004)**	**(32,649)**
Transfer to other reserve	21	**–**	**29,349**	**–**	**–**	**–**	**–**	**29,349**
At 30 June 2019		**322,210**	**29,349**	**2,016**	**71,135**	**38,130**	**(173,507)**	**289,333**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2019

	Note	**Year ended 30 June 2019 RMB'000**	Year ended 30 June 2018 RMB'000
Cash Flows from Operating Activities			
(Loss)/profit before taxation		**(35,021)**	47,730
Adjustments for:			
Amortisation of biological assets	5	**–**	193
Amortisation of land use rights	6	**542**	542
Amortisation of intangible assets	7	**12**	5
Depreciation of property, plant and equipment	4(a)	**4,391**	1,169
Depreciation of investment properties	8	**–**	2,082
Interest expense	26(d)	**404**	261
Interest income	25	**(8)**	–
Reversal of impairment loss on leasehold property	4(d)	**–**	(532)
Fair value loss/(gain) on investment properties	8	**1,259**	(66,815)
Impairment of land use rights	6	**3,771**	–
Impairment of investments in associates classified as held for sale	18	**3,181**	–
Write-down of inventories to net realisable value	26(c)	**1,274**	–
Investment properties written off		**–**	2,124
Property, plant and equipment written off	4	**1**	–
Exchange gain		**(306)**	(84)
Share of loss of associates	10	**309**	566
Operating cash flows before working capital changes		**(20,191)**	(12,759)
Decrease in biological assets		**–**	67,924
Decrease/(Increase) in inventories		**2,712**	(6,831)
Decrease in trade and other receivables and prepayments		**29,554**	86,847
(Decrease) in trade and other payables (Note A)		**(6,373)**	(133,891)
Cash generated from operations		**5,702**	1,290
Income tax paid		**(110)**	(162)
Interest received		**8**	–
Net cash generated from operating activities		**5,600**	1,128
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	4	**(2,654)**	(664)
Acquisition of intangible assets	7	**(48)**	(39)
Net cash used in from investing activities		**(2,702)**	(703)
Cash Flows from Financing Activities			
Proceeds from bank borrowings (Note B)		**3,670**	4,160
Repayment of bank borrowings (Note B)		**(4,340)**	(388)
Interest paid	26(d)	**(404)**	(261)
Net cash (used in)/generated from financing activities		**(1,074)**	3,511
Net increase in cash and cash equivalents		**1,824**	3,936
Cash and cash equivalents at beginning of year		**10,540**	6,628
Effect on foreign exchange of rate changes on cash and cash equivalents		**537**	(24)
Cash and cash equivalents at end of year	17	**12,901**	10,540

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Note A

The decrease in cash flows relating to trade and other payables of RMB 6,373,000 (2018: RMB 133,892,000) from operating activities was arrived at after deducting the unaccountable balances of RMB 29,349,000 (2018: Nil) that were transferred to a non-distributable reserve in equity during the year ended 30 June 2019.

Note B

Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

Bank borrowings	**Year ended 30 June 2019 RMB'000**	Year ended 30 June 2018 RMB'000
At beginning of year	**8,887**	5,223
Cash flow		
Additions	**3,670**	4,160
Repayments of principal/interest	**(4,340)**	(388)
Non-cash movement		
Exchange translation	**231**	(108)
At end of year	**8,448**	8,887

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

The financial statements of the Company and of the Group for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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.

With effect from 22 January 2018, the registered office of the Company is located at 7 Temasek Boulevard #43-04 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 PRC.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are 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.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(d).

2(b) Going concern assumption

The Group has recorded a negative gross profit of RMB 9,707,000 (2018: positive gross profit of RMB 1,836,000) and has incurred a net loss of RMB 35,004,000 (2018: net profit of RMB 29,136,000) for the year ended 30 June 2019.

These indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and liabilities in the normal course of its business.

Nevertheless, the management has prepared the financial statements based on the assumption that the Group can be operated as a going concern and is of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from the end of the reporting period, after taking into consideration of the following:

- As at 30 June 2019, the Group has net current assets of RMB 23.9 million (2018: RMB 18.4 million) excluding Associates classified as held for sale and net assets of RMB 289.3 million (2018: RMB 292.6 million) and the Group has recorded a positive net cash flow from operating activities of RMB 5,600,000 (2018: RMB 1,128,000) for the year then ended;

2(b) Going concern assumption (Cont'd)

- The Group has unutilised credit facilities of RMB 67 million (2018: RMB 28.3 million) as at 30 June 2019; and

- A cash flow forecast has been prepared for the next 12 months after year end which showed that sufficient cash flows will be generated from operations to pay liabilities when they are due based on the assumptions made by management.

Accordingly, the management considers it appropriate that these financial statements should be prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern.

2(c) Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 July 2018. These financial statements for the year ended 30 June 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 30 June 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 July 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 June 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 July 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 July 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 30 June 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

2(c) Adoption of SFRS(I) (Cont'd)

(a) Optional exemptions applied (Cont'd)

(ii) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

As permitted under paragraph C5 of SFRS(I) 15, the transaction price allocated to (partially) unsatisfied performance obligations as of 30 June 2018 is not disclosed using the transition provisions of SFRS(I) 15.

There were no adjustments to the Group's statement of financial position, statement of profit or loss or statement of cash flows arising from the transition from SFRS to SFRS(I).

Other information:

A. Optional Exemption

As disclosed in Note 2(c), the Group has applied certain exemptions in preparing this first set of financial statements in accordance with SFRS(I). The exemptions that applied did not result in significant adjustments to the previously issued SFRS financial statements which were as follows:

A1. Use of fair value at date of transition as deemed cost

The Group has not elected to measure its plant and equipment that were previously accounted for using cost model at the date of transition at its fair value.

On adoption of SFRS(I), the Group continued to account for the investment properties and leasehold properties at valuation. There is no impact to the revaluation reserves on adoption of SFRS(I).

B. Adoption of SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 July 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate comparative information for the financial year ended 30 June 2018. Accordingly, the information presented for the financial year ended 30 June 2018 is presented, as previously reported, under SFRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 July 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under SFRS 107 *Financial Instruments: Disclosures* relating to items within the scope of SFRS 39 are provided for the comparative period.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 3.

2(c) Adoption of SFRS(I) (Cont'd)

(a) Optional exemptions applied (Cont'd)

Other information: (Cont'd)

B. Adoption of SFRS(I) 9 (Cont'd)

Classification and measurement of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous SFRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. No reclassifications resulting from management's assessment.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table presents original measurement categories under SFRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 July 2018.

The Group and the Company	Original classification under SFRS 39 (Up to financial year ended 30 June 2018)	New classification under SFRS(I) 9 (Effective from 1 July 2018)
Financial assets		
Trade and other receivables	Loan and receivables	Amortised cost
Cash and bank balances	Loan and receivables	Amortised cost

The Company	Original classification under SFRS 39 (Up to financial year ended 30 June 2018)	New classification under SFRS(I) 9 (Effective from 1 July 2018)
Financial assets		
Amounts due from subsidiaries	Loan and receivables	Amortised cost

Impairment of financial assets

The Group and the Company have the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- Trade receivables recognised under SFRS(I) 15; and
- Advances to subsidiaries at amortised cost.

2(c) Adoption of SFRS(I) (Cont'd)

(a) Optional exemptions applied (Cont'd)

Other information: (Cont'd)

B. Adoption of SFRS(I) 9 (Cont'd)

Impairment of financial assets (Cont'd)

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 3 and Note 15.

There is no additional impairment loss allowance under SFRS(I) 9 as at 1 July 2018.

C. Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively. As disclosed in Note 3.2(a)(ii), the Group has also elected to apply the transition provisions under paragraph C5 of the SFRS(I) 15 at 1 July 2018.

The adoption of SFRS(I) 15 did not result in adjustments to the previously issued SFRS financial statements as the impact is not material based on the assessment performed by the management.

C1. Accounting for contracts with separate performance obligations

Under SFRS(I) 15, each contract for sales of good was assessed to be one contract with revenue recognised at a point in time when the control of the goods were transferred to the buyer and when the amount of the costs of the transactions can be measured reliably.

The Group has assessed each contract under the requirements of SFRS(I) 15 and concluded that there are two distinct performance obligations which are satisfied at different timings for certain contracts. This is applicable due to its subsidiaries, Fujian Wangsheng Industrial Co., Ltd ("Wangsheng")'s trading businesses where shipping services are provided mainly under Cost and Freight ("CFR") international commercial term ("incoterm"), which is considered as a distinct service and, therefore, a separate performance obligation to which a proportion of the transaction price should be allocated and recognised over time as the shipping services are provided. Revenue from the sales of goods is recognised at a point in time as explained in the preceding paragraph.

The impact on the timing of revenue recognition of the proportion allocated to the shipping service was not significant. Therefore, such revenue may not be presented separately in the Group's financial statements.

C2. Presentation of contract assets and contract liabilities

The presentation of contract liabilities as advances for customers on the face of financial statements remain unchanged. There are no contract assets that existed as at 1 January 2018.

2(d) Significant judgements and accounting estimates

Significant judgements and accounting estimates

The preparation of the consolidated financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Significant judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amount recognised in the financial statements:

Revenue - Gross presentation

The Group assesses whether the Group acts as a principal or an agent. To determine whether the Group acts as a principal, the Group considers the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). The Group has determined, based on an evaluation of the terms and conditions of the sales arrangements, that the Group acts as a principal and so accounts the revenue as gross presentation in the consolidated statement of profit or loss and other comprehensive income.

Significant influence (Note 10)

Significant influence is presumed to exist (or not exist) when an entity holds 20% or more (or less than 20%) of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group holds 45% interest in Fujian Tianwang Foods Co. Limited ("Tianwang") and its subsidiary, Sanming Sennong Forestry Co. Ltd ("Sennong") classified as associates classified as asset held for sale. One out of three members on the board of directors of Tianwang is represented by one of the directors of the Company.

Based on this, the Group considers that it has the power to exercise significant influence, being the power to participate in the financial and operating policy decisions of Tianwang and its subsidiary, Sennong (but not control or joint control).

Critical accounting estimates and key sources of estimation uncertainty

Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 20 years. The carrying amounts of the Company's and the Group's property, plant and equipment as at 30 June 2019 are RMB 2,000 (2018 - RMB 8,395,000) and RMB 63,976,000 (2018 - RMB 71,179,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2(d) Significant judgements and accounting estimates (Cont'd)

Critical accounting estimates and key sources of estimation uncertainty (Cont'd)

Depreciation of property, plant and equipment (Note 4) (Cont'd)

If the actual useful lives of the Company's and the Group's property, plant and equipment differ by 10% from the management's estimates, the carrying amount of the Company's and the Group's property, plant and equipment will be approximately RMB 12,000 (2018 - RMB 13,000) and RMB 488,000 (2018 - RMB 130,000) lower respectively and RMB 10,000 (2018 - RMB 11,000) and RMB 399,000 (2018 - RMB 106,000) higher respectively.

Useful lives of plant and machinery (Note 4)

Plant and machinery are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these assets to be within 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the end of the reporting period is disclosed in Note 4 to the financial statements.

If the actual useful lives of plant and machinery differ by 10% from the management's estimates, the carrying amount of the Group's plant and machinery will be approximately RMB 6,000 (2018 - RMB 4,000) lower and RMB 5,000 (2018 - RMB 4,000) higher.

Amortisation of land use rights (Note 6)

Land use rights are amortised on a straight-line basis over their estimated useful lives. The Group has been granted rights of use of land of 41 to 50 years. The carrying amount of the Group's land use rights as at 30 June 2019 is RMB 18,618,000 (2018 - RMB 22,931,000). Changes in the expected level of usage could impact the economic useful lives of land use rights, therefore future amortisation charges could be revised.

If the actual useful lives of land use rights differ by 10% from the management's estimates, the carrying amount of the Group's land use rights will be approximately RMB 60,000 (2018 - RMB 60,000) lower and RMB 49,000 (2018 - RMB 49,000) higher.

Valuation of investment properties (Note 8)

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers. The determination of the fair value of investment properties requires the use of historical transaction comparables and estimates such as future cash flows from assets (market rental rates), capitalisation rates and vacancy rates applicable to those assets. The carrying amount of investment properties is disclosed in Note 8 to the financial statements.

If the market value used to estimate the fair value of the investment properties decreases/increases by 5% from management's estimates, the Group's loss for the year will increase/decrease by RMB 9,035,000 (2017 – RMB 8,668,000).

Impairment of investments in subsidiaries (Note 9)

Determining whether investments in subsidiaries is impaired requires an estimation to the recoverable amounts of the investments in subsidiaries. The recoverable amounts of the investments in subsidiaries are estimated based on net asset value of the subsidiary having regard to the fair value of the investment properties held by its subsidiaries. Management has evaluated the recoverability of the investment based on such estimates.

2(d) Significant judgements and accounting estimates (Cont'd)

Critical accounting estimates and key sources of estimation uncertainty (Cont'd)

Withholding tax on undistributed profits (Note 13)

According to the New Corporate Income Tax Law ("CIT") and the Detailed Implementation Regulations, dividends distributed to the foreign investor by Foreign Invested Enterprises ("FIE") in the PRC, would be subject to withholding tax of 10% (5% for countries including Singapore which have entered into respective bilateral treaties with the PRC). The FIE's profits, arising in the financial year 2008 and beyond, to be distributed to the foreign investors as dividends shall be subject to withholding tax.

The management has considered the above tax exposure and has provided for deferred tax liability as at 30 June 2019 based on the assumption that the FIE will, in the foreseeable future, declare dividend payments to the Company and there will be withholding tax on dividends to be distributed out of the accumulated profits.

The carrying amount of the Group's deferred tax liability on undistributed profits as at 30 June 2019 was approximately RMB 3,711,000 (2018 - RMB 3,711,000).

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

Income tax (Notes 13 and 28)

The Group has exposures to income taxes in the jurisdictions in which it operates. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The accounting policies used by the Company and by the Group have been applied consistently to all periods presented in these financial statements.

2(e) Singapore Financial Reporting Standards (International) ("SFRS(I)") not yet effective

The Group has adopted the new financial reporting framework on 1 July 2018 (effective for period beginning on or after 1 January 2018) and thereafter Singapore Financial Reporting Standards (International) ("SFRS(I)") which refer to Singapore Financial Reporting Standards (International) and SFRS(I) Interpretations issued by the ASC.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 16	Leases	1 January 2019
Amendments to SFRS(I) 9	Prepayment Features with Negative Compensation	1 January 2019
SFRS (I) INT 23	Uncertainty Over Income Tax Treatments	1 January 2019
SFRS(I) 1-19	Plan Amendment: Curtailment or Settlement	1 January 2019
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS (I) 10 and SFRS (I) 1-28: Sale or Contribution of Assets between an Investor and it's Associate or Joint Venture	To be determined
Various	Amendments to References to the Conceptual Framework in SFRS (I) Standards	1 January 2020
SFRS (I) 3	Amendments to SFRS (I) 3: Definition of a Business	1 January 2020
SFRS (I) 1-1, SFRS (I) 1-8	Amendments to SFRS (I) 1-1 and SFRS (I) 1-8: Definition of Material	1 January 2020

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

<u>SFRS(I) 16 Leases</u>

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. This will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group is expected to apply the standard from 1 July 2019, using the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use ("ROU") assets for property leases will be measured on transition as if the new rules had always been applied. All other ROU assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

3 Significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, incomes and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive losses are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;

– derecognises the carrying amount of any non–controlling interest;

– derecognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss; and

– reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee, if and only if, the Group has all of the following:

– power over the investee;

– exposure, or rights or variable returns from its involvement with the investee; and

– the ability to use its power over the investee to affect its returns.

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

3 Significant accounting policies (Cont'd)

Consolidation (Cont'd)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Acquisitions

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

A change in the ownership interest

A change in the Group's ownership interests in subsidiaries that does not result in the Group losing control over the subsidiaries is accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Disposals

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)).

3 Significant accounting policies (Cont'd)

Consolidation (Cont'd)

Disposals (Cont'd)

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the straight-line method to allocate the depreciable amount of the assets over the estimated useful lives as follows:

Leasehold properties	20 years
Motor vehicles	10 years
Office equipment	5 years
Plant and machinery	10 years
Fixtures and fittings	5 to 10 years
Farm equipment and fixtures	3 to 5 years

No depreciation has been provided for construction-in-progress.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment, if any, are retained in the books of accounts until they are no longer in use.

3 Significant accounting policies (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at each reporting date as a change in estimates to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial period the asset is derecognised.

Leasehold properties are initially recognised at cost and subsequently stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of reporting period.

When an asset is revalued, any increase in the carrying amount is credited directly to revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings when the asset is de-recognised.

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 41 to 50 years.

Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing, if there are any indicators of impairment. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further future economic benefits are expected to arise.

Computer software

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful life of 5 years.

3 Significant accounting policies (Cont'd)

Government grant/subsidy

Government grant/subsidy is recognised at its fair value where there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. Where the grant/subsidy relates to an asset, the fair value is recognised as deferred capital grant on the consolidated statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Investment properties

Investment properties include those portions of buildings that are held for long term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in the profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Investments in associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate. Investment in associates at company level are stated at cost.

3 Significant accounting policies (Cont'd)

Investments in associates (Cont'd)

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transaction between the Group and the associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss, on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Group unless it is impracticable to do so. When the financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the Group (not more than three months apart), adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Group.

Upon loss of significant influence or joint control over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted-average basis and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

3 Significant accounting policies (Cont'd)

Inventories (Cont'd)

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Financial assets

The accounting for financial assets before 1 July 2018 is as follows:

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company or the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company or the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

As at 30 June 2019, other than loans and receivables, the Company and the Group do not have financial assets at fair value through profit or loss and available-for-sale financial assets. The Company and the Group do not designate any held-to-maturity investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company or the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

Loans and receivables (Cont'd)

Loans and receivables include trade and other receivables, related party balances and deposits held in bank. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in profit or loss.

The accouting for financial from 1 January 2018 is as follow:

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and amount due from subsidiaries.

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

Classification and measurement (Cont'd)

At subsequent measurement *(Cont'd)*

(i) Debt instruments (Cont'd)

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other operating income or other expense". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other operating income".

- FVTPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other operating income and other expense".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other operating income or other expense", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in OCI. Dividends from equity investments are presented in profit or loss as "other operating income".

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than days past due.

The Group consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits which are readily convertible to cash and which are subject to an insignificant risk of changes in value.

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

Assets and liabilities classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to consumable stocks, financial assets and deferred tax assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant and equipment once classified as held for sale are not depreciated.

If the criteria to classify as held for sale are no longer met, the assets, or disposal group, are remeasured at the lower of the carrying amount before the classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the assets or disposal group not been classified as held for sale, and the recoverable amount at the date of the subsequent decision not to sell.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities

The Company's and the Group's financial liabilities include bank borrowings, trade and other payables and related party balances.

Financial liabilities are recognised when the Company or the Group becomes a party to the contractual agreements of the instrument. The Group determines the classification of its financial liabilities at initial recognition.

All interest-related charges are recognised as an expense in "Finance costs" in the statement of comprehensive income. Financial liabilities are derecognised if the Company's or the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company or the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

3 Significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statements of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statements of financial position.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

Dividend distributions to shareholders are included in current financial liabilities when the dividends are declared and payable.

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in consolidated income statement immediately.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Borrowing costs

Borrowing costs are recognised in the profit or loss in the period they are incurred.

3 Significant accounting policies (Cont'd)

Leases

Where the Group is the lessee,

<u>Operating leases</u>

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

Where the Group is the lessor,

<u>Operating leases</u>

Assets leased out under operating leases are included in investment properties and are stated at cost less accumulated depreciation and impairment losses. Rental income (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liability has been recognised in respect of certain of the temporary differences associated with undistributed earnings of certain subsidiaries of the Group. The Group has determined that not all the undistributed earnings of the subsidiaries will be distributed in the foreseeable future. Withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in Mainland China.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(b) based on the tax consequence that will follow from the manner in which the Company and the Group expect, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

3 Significant accounting policies (Cont'd)

Income taxes (Cont'd)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised either in other comprehensive income or directly in equity.

Value-added tax

The Group's sales of goods in the PRC are subjected to Value-added tax ("VAT") at the applicable tax rate of 17% for PRC domestic sales. Input VAT on purchases can be deducted from output VAT subject to agreement by the tax authority. The Group's export sales are not subject to VAT.

Revenue, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the consolidated statement of financial position.

Employee benefits

Defined contribution schemes

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which they have operations. In particular, the Singapore incorporated company in the Group contributes to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore. The subsidiaries in the PRC are required to provide certain staff pension benefits to their employees under existing PRC regulations. The contributions to national pension schemes are charged to profit or loss in the period as incurred to which the contributions relate.

Employee leave entitlements

No provision has been made for employee leave entitlements as any unconsumed annual leave will be forfeited.

Employee share option scheme ("ESOS Scheme")

The Company has existing share incentives schemes, namely, Yamada Green Resources Employee Share Option Scheme and Yamada Green Resources Performance Share Plan. No share options have been issued as at the financial years ended 30 June 2018 and 30 June 2019.

The Company issues equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Company revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

3 Significant accounting policies (Cont'd)

Employee benefits (Cont'd)

Employee share option scheme ("ESOS Scheme") (Cont'd)

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified. If the original terms of the award are met, an additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Directors are considered key management personnel.

Related parties

A related party is defined as follows:

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

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.

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

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

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

(iii) both entities are joint ventures of the same third party;

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

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

3 Significant accounting policies (Cont'd)

Related parties (Cont'd)

(b) An entity is related to the Company and the Group if any of the following conditions applies: (Cont'd)

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

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

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

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets (other than biological assets) subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management controls the related cash flows.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

3 Significant accounting policies (Cont'd)

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

Sale of goods

Revenue is recognised when the control of the goods has been transferred to the customer, either over time or at a point in time, depending on the contractual terms specified in the contract. Revenue excludes goods and services taxes or value-added taxes and is arrived at after deduction of trade discounts and rebates, if any. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is recognised at a point in time when the goods are delivered to the customer or the customer has taken physical delivery according to the agreed sales term and all criteria for acceptance have been satisfied.

Revenue is recognised over time when there is involvement of performance obligations in contracts with customers. This is generally applicable to the sales whereby the Group is responsible for the shipping and handling services of the goods. The title of the goods would have been transferred to the customers at the point of loading based on the predefined International Commercial Terms ("Incoterm") specified in the contract with the customer. However, the performance obligation is satisfied upon the goods are delivered to the customer. In this case, the amount of the revenue is recognised based on the transaction price allocated to the satisfied PO. Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods.

Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

Rental income

Rental and related income from investment properties are recognised on a straight-line basis over the lease term. Lease incentives given to tenants, if any, are recognised as an integral part of deriving total lease income. Penalty payments on early termination, if any, are recognised when incurred. Contingent rents are mainly determined as a percentage of tenant's revenue during the month. These leases are for terms of one to five years with options to review at market rates thereafter.

Government grant/subsidy

Cash grant/subsidy received from the government is recognised as income upon receipt.

Refund from termination of leases to plantations

Cash refunds received from termination of unexpired leases to plantations are recognised as income upon receipt.

3 Significant accounting policies (Cont'd)

Functional currency

Functional and presentation currency

Items included in the consolidated financial statements of the Company and of the Group are measured using the currency of the primary economic environment in which the entity operates in ("the functional currency"). The consolidated financial statements of the Group are presented in RMB, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in the profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualified as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss. Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

4 Property, plant and equipment

The Company	Leasehold property RMB'000	Office equipment RMB'000	Total RMB'000
Cost or valuation			
At 1 July 2017	8,895	23	8,918
Additions	–	6	6
Disposals	–	(15)	(15)
Revaluation adjustment	(112)	–	(112)
At 30 June 2018	**8,783**	**14**	**8,797**
Additions	**318**	**–**	**318**
Transfer to investment properties (Note 8)	**(9,101)**	**–**	**(9,101)**
At 30 June 2019	**–**	**14**	**14**
Representing:			
- Cost	**–**	**14**	**14**
- Valuation	**–**	**–**	**–**
At 30 June 2019	**–**	**14**	**14**
Accumulated depreciation and impairment loss			
At 1 July 2017	924	20	944
Depreciation for the year	112	4	116
Reversal of impairment loss	(531)	–	(531)
Disposals	–	(15)	(15)
Revaluation adjustment	(112)	–	(112)
At 30 June 2018	**393**	**9**	**402**
Depreciation for the year	**103**	**3**	**106**
Transfer to investment properties (Note 8)	**(496)**	**–**	**(496)**
At 30 June 2019	**–**	**12**	**12**
Comprising:			
- Accumulated depreciation	–	**12**	**12**
- Accumulated impairment loss	–	**–**	**–**
At 30 June 2019	–	**12**	**12**
Net book value			
At 30 June 2019	–	**2**	**2**
At 30 June 2018	8,390	**5**	8,395
At 1 July 2017	7,971	**3**	7,974

4 Property, plant and equipment (Cont'd)

The Group	Note	Leasehold properties RMB'000 (b)	Motor vehicles RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Fixtures and fittings RMB'000	Farm equipment and fixtures RMB'000	Construction -in-progress RMB'000	Total RMB'000
Cost or valuation									
At 1 July 2017		29,502	–	28	215	52	5	–	29,802
Additions		–	43	28	324	128	5	136	664
Transfer to investment properties	8	(1,968)	–	–	–	–	–	–	(1,968)
Disposals/written off		–	–	(15)	–	–	(5)	–	(20)
Revaluation adjustments	26(e)	47,700	–	–	–	–	–	–	47,700
Elimination of accumulated depreciation*		(4,514)	–	–	–	–	–	–	(4,514)
At 30 June 2018		**70,720**	**43**	**41**	**539**	**180**	**5**	**136**	**71,664**
Additions		**501**	**281**	**5**	**110**	**27**	**–**	**1,730**	**2,654**
Reclassification from construction in progress		**1,073**	**–**	**–**	**–**	**–**	**–**	**(1,073)**	**–**
Transfer to investment properties	8	**(9,101)**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,101)**
Disposals/written off		**–**	**–**	**–**	**(1)**	**–**	**–**	**–**	**(1)**
Revaluation adjustments	26(e)	**3,140**	**–**	**–**	**–**	**–**	**–**	**–**	**3,140**
Elimination of accumulate depreciation		**(4,171)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,171)**
At 30 June 2019		**62,162**	**324**	**46**	**648**	**207**	**5**	**793**	**64,185**
Representing:									
- Cost		**–**	**324**	**46**	**648**	**207**	**5**	**793**	**2,023**
- Valuation		**62,162**	**–**	**–**	**–**	**–**	**–**	**–**	**62,162**
At 30 June 2019		**62,162**	**324**	**46**	**648**	**207**	**5**	**793**	**64,185**

4 Property, plant and equipment (Cont'd)

The Group	Note	Leasehold properties RMB'000 (b)	Motor vehicles RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Fixtures and fittings RMB'000	Farm equipment and fixtures RMB'000	Construction -in-progress RMB'000	Total RMB'000
At 30 June 2019									
Accumulated depreciation and impairment loss									
At 1 July 2017		4,388	–	20	8	6	5	–	4,427
Depreciation for the year		1,095	5	8	39	21	1	–	1,169
Reversal of impairment loss		(532)	–	–	–	–	–	–	(532)
Disposals/written off		–	–	(15)	–	–	(5)	–	(20)
Transfer to investment properties	8	(45)	–	–	–	–	–	–	(45)
Elimination of accumulated depreciation*		(4,514)	–	–	–	–	–	–	(4,514)
At 30 June 2018		**392**	**5**	**13**	**47**	**27**	**1**	**–**	**485**
Depreciation for the year		**4,275**	**12**	**10**	**55**	**37**	**2**	**–**	**4,391**
Transfer to investment properties	8	**(496)**	**–**	**–**	**–**	**–**	**–**	**–**	**(496)**
Elimination of accumulated depreciation		**(4,171)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,171)**
At 30 June 2019		–	17	23	102	64	3	–	209
Comprising:									
- Accumulated depreciation		–	17	23	102	64	3	–	209
Net book value									
At 30 June 2019		**62,162**	**307**	**23**	**546**	**143**	**2**	**793**	**63,976**
At 30 June 2018		70,328	38	28	492	153	4	136	71,179
At 1 July 2017		25,114	–	8	207	46	–	–	25,375

* The elimination of accumulated depreciation upon a revaluation exercise was presented as a net balance for the year ended 30 June 2018. This presentation has been restated by disclosing the gross amounts of the elimination of accumulated depreciation in the summary of cost and accumulated depreciation sections. There is no financial impact on the above restatement.

4 Property, plant and equipment (Cont'd)

(a) Depreciation is charged to:

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Cost of sales		**3,176**	709	2,065
Administrative expenses	26(b)	**1,211**	453	1,853
Selling and distribution expenses	26(a)	**4**	7	9
		4,391	1,169	3,927

(b) The leasehold properties of the Group as at the end of reporting period comprise:

Location	**Description**	**Land area (sqm)**	**Tenure**	**Net book value 30 June 2019 (at valuation) RMB'000**	Net book value 30 June 2018 (at valuation) RMB'000	Net book value 30 June 2017 (at cost) RMB'000
Economic and Technological Development Zone of Minhou County Fuzhou City, The PRC	2号办公楼 2号2#厂房 2号1#生产车间 2号5#生产车间	14,850	50 years leasehold up to 29.07.2062	**3,960** **13,415** **17,214** **20,484**	4,011 13,585 17,414 20,721	1,689 2,718 4,134 4,867
No. 2 Shengfeng Road Liantang Town, Pucheng County Nanping City Fujian Province, The PRC	厂房	5,816	41 years leasehold up to 26.01.2046	**5,761**	4,920	811
Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City Fujian Province, The PRC	办公楼 厂房	846	50 years leasehold up to 18.04.2063	**1,328** **–**	1,287 –	1,410 1,514
20 Cecil Street #06-02 GSH Plaza Singapore 049705	Office unit #06-02	48	99 years leasehold up to 07.12.2088	**Transferred to Investment Property**	8,390	7,971
				62,162	70,328	25,114

4 Property, plant and equipment (Cont'd)

(c) As at the end of the reporting period, the carrying amount of leasehold properties of the Company and of the Group which have been pledged to financial institutions to secure bank facilities was as follows:

		The Company			The Group		
	Note	**30 June 2019 RMB'000 *(at valuation)***	30 June 2018 RMB'000 *(at valuation)*	1 July 2017 RMB'000 *(at cost)*	**30 June 2019 RMB'000 *(at valuation)***	30 June 2018 RMB'000 *(at valuation)*	1 July 2017 RMB'000 *(at cost)*
Carrying amount							
- 2号5#生产车间	22(b)	**–**	–	–	**20,484**	20,721	4,867
- Office unit #06-02	22(a)	**–**	8,390	7,971	**–**	8,390	7,971
		–	8,390	7,971	**20,484**	29,111	12,838

(d) During the financial year ended 30 June 2017, the impairment loss of RMB 924,000 represents the write-down of the office unit located in GSH Plaza, Singapore. The recoverable amount was determined based on a valuation on 23 November 2018 carried out by a firm of independent professional valuers, Eidea Professional Services Company Limited, using the direct comparison method.

During the financial year ended 30 June 2018, an amount of RMB 532,000 was reversed as the office unit reflects an increase in its estimated service potential that arises from a change in estimates used in the basis for recoverable amount in addition to the change in accounting policy where the said leasehold property is stated from cost model to revaluation model.

The reversal was made based on a valuation carried out by the said independent professional valuers on 23 November 2018 for the said office unit as at 30 June 2018. The fair value measurement is categorised as a Level 2 fair value based on the inputs in the valuation technique use.

(e) If the leasehold properties stated at revaluation were included in the financial statements at cost less accumulated depreciation, their net book values would be:

	The Company			The Group		
	30 June 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
At net book value,						
- Leasehold properties	**7,745**	7,858	7,971	**19,076**	22,095	25,114

5 Biological assets

Biological assets comprised eucalyptus trees, moso bamboo trees and bamboo shoots in plantations and synthetic logs. Eucalyptus trees and moso bamboo trees and bamboo shoots were separated from land on which these assets were located. As the useful life of synthetic logs was less than one year, they were classified as current asset.

The Group	Note	Eucalyptus trees in plantations RMB'000	Moso bamboo trees and bamboo shoots in plantations RMB'000	Sub-total RMB'000	Synthetic logs RMB'000	Total RMB'000
Cost or valuation						
At 1 July 2017		20,882	47,235	68,117	–	68,117
Additions		–	–	–	2,756	2,756
Utilisation		(20,882)	(47,235)	(68,117)	(2,756)	(70,873)
Disposal		–	–	–	–	–
At 30 June 2018 and 2019		**–**	**–**	**–**	**–**	**–**
Accumulated amortisation						
At 1 July 2017		–	–	–	–	–
Amortisation for the year		–	–	–	193	193
Utilisation		–	–	–	(193)	(193)
At 30 June 2018 and 2019		**–**	**–**	**–**	**–**	**–**
Carrying amount						
At 30 June 2019		**–**	**–**	**–**	**–**	**–**
At 30 June 2018		–	–	–	–	–
At 1 July 2017		20,882	47,235	68,117	–	68,117

Quantity and sales of edible fungi, bamboo trees, bamboo shoots and eucalyptus trees harvested and sold to external customers during the financial year were as follows:

The Group	**30 June 2019**	30 June 2018	1 July 2017
Quantity of edible fungi (in tonnes)	**–**	*	*
Sales of edible fungi (RMB'000)	**–**	–	40,545
Quantity of bamboo trees and bamboo shoots (in tonnes)	**–**	*	*
Sales of bamboo trees and bamboo shoots (RMB'000)	**–**	346	54,264
Quantity of eucalyptus trees (in tonnes)	**–**	*	*
Sales of eucalyptus trees (RMB'000)	**–**	9,713	1,000

* No information available

5 Biological assets (Cont'd)

Recurring fair value measurement of the biological assets

Mature eucalyptus trees produce sawdust, which were used to produce synthetic logs. The fair value of the Group's biological assets as at 30 June 2017 had been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification and recent experience in the biological assets being valued. The fair value was determined based on income approach by using the present value of expected net cash flows from the eucalyptus trees and moso bamboo trees and bamboo shoots discounted at a current market-determined pre-tax rate. In estimating the fair value of the biological assets, the valuation conformed to International Valuation Standards and was based on the biological assets' highest and best use, except for the production of synthetic logs from the sawdust of the eucalyptus trees. The synthetic logs were used for the cultivation of edible fungi which was one of the major business segments of the Group.

Details of the Group's biological assets and information about the fair value hierarchy at the end of the financial year ended 30 June 2017 was as follows:

The Group	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
As at 30 June 2017				
Eucalyptus trees	–	–	20,882	20,882
Moso bamboo trees and bamboo shoots	–	–	47,235	47,235
	–	–	68,117	68,117

The Group categorised fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used, where Level 3 consists of asset or liability with unobservable inputs.

Moso bamboo trees and bamboo shoots in plantations

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of moso bamboo trees and bamboo shoots in plantations, as well as the inter-relationship between key unobservable inputs and fair value, were set out in the table below:

Valuation techniques used	**Significant unobersavable inputs**	**Range of not easily observed input factors**			**Inter-relationship between key unobservable input and fair value**
		30 June 2019	30 June 2018	1 July 2017	
Income approach	Estimated average number of moso bamboo	**NA**	Nil	115 - 220 pieces/mu	The higher the average numbers of moso bamboo per mu, the higher the fair value.
	Estimated percentage of moso bamboo with qualified diameter at breast height ("DBH")	**NA**	Nil	98%	The higher the estimated percentage of moso bamboo with qualified DBH, the higher the fair value.

5 Biological assets (Cont'd)

Moso bamboo trees and bamboo shoots in plantations (Cont'd)

Valuation techniques used	Significant unobersavable inputs	Range of not easily observed input factors **30 June 2019**	30 June 2018	1 July 2017	Inter-relationship between key unobservable input and fair value
Income approach (Cont'd)	Total estimated land rent, management and cultivation cost	**NA**	Nil	RMB 301.50/ mu to RMB 705.82/mu	The higher the land rent, management and cultivation cost, the lower the fair value.
	Estimated growth rate in cutting outsourcing cost	**NA**	Nil	1%	The higher the growth rate in bamboo shoots cutting outsourcing cost, the lower the fair value.
	Estimated average annual merchantable volume for spring bamboo shoots (kg/mu)	**NA**	Nil	212.42kg/mu	The higher the estimated average annual merchantable volume for spring bamboo shoots, the higher the fair value.
	Estimated average annual merchantable volume for winter bamboo shoots (kg/mu)	**NA**	Nil	33.60kg/mu	The higher the estimated average annual merchantable volume for winter bamboo shoots, the higher the fair value.
	Estimated moso bamboo tree cutting outsourcing cost	**NA**	Nil	RMB 103.00/mu to RMB 111.46/mu	The higher the moso bamboo tree cutting outsourcing cost, the lower the fair value.
	Estimated spring bamboo shoot cutting outsourcing cost	**NA**	Nil	RMB 48.00/mu to RMB 50.95/mu	The higher the spring bamboo shoot cutting outsourcing cost, the lower the fair value.
	Estimated winter bamboo shoot cutting outsourcing cost	**NA**	Nil	RMB 42.00/mu to RMB 49.89/mu	The higher the winter bamboo shoot cutting outsourcing cost, the lower the fair value.
	Growth rate in bamboo shoots unit price	**NA**	Nil	1%	The higher the growth rate in bamboo shoots unit price, the higher the fair value.
Discounted cash flow calculation	Discount rate	**NA**	Nil	17.53%	The higher the discount rate, the lower the fair value.

NA – Not applicable

5 Biological assets (Cont'd)

Eucalyptus trees

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of eucalyptus trees, as well as the inter-relationship between key unobservable inputs and fair value, were set out in the table below:

Valuation techniques used	Significant unobersavable inputs	Range of not easily observed input factors			Inter-relationship between key unobservable input and fair value
		30 June 2019	30 June 2018	1 July 2017	
Income approach	Operating cost on eucalyptus trees per mu	**NA**	Nil	RMB 77.50/mu to RMB 155.00/mu	The higher the operating cost on eucalyptus trees, the lower the fair value.
	Transportation cost on eucalyptus trees	**NA**	Nil	RMB80/ 100km/m^3	The higher the transportation cost on eucalyptus trees, the lower the fair value.
	Cutting cost on eucalyptus plantation	**NA**	Nil	RMB 100/m^3	The higher the cutting cost on eucalyptus plantation, the lower the fair value.
	Estimated cutting area design and timber scaling cost	**NA**	Nil	RMB 9/m^3	The higher the cutting area design cost and timber scaling cost, the lower the fair value.
	Estimated growth rate in cutting and transportation cost	**NA**	Nil	3%	The higher the growth rate in cutting and transportation cost, the lower the fair value.
	Estimated growth rate in cutting area design and timber scaling cost	**NA**	Nil	0%	The higher the growth cutting area design and timber scaling cost, the lower the fair value.
	Expected eucalyptus reserve (m^3/mu)	**NA**	Nil	7.60m^3 to 17.00m^3	The higher the expected eucalyptus reserve, the higher the fair value.
	Estimated volume ratio for timber/log	**NA**	Nil	71%	The higher the expected eucalyptus volume ratio, the higher the fair value.
	Estimated volume ratio for fuelwood	**NA**	Nil	20%	The higher the estimated volume ratio for fuelwood, the lower the fair value.

5 Biological assets (Cont'd)

Eucalyptus trees (Cont'd)

Valuation techniques used	Significant unobersavable inputs	Range of not easily observed input factors			Inter-relationship between key unobservable input and fair value
		30 June 2019	30 June 2018	1 July 2017	
Income approach (Cont'd)	Growth rate in eucalyptus timber unit price	**NA**	Nil	1%	The higher the growth rate in eucalyptus timber unit price, the higher the fair value.
Discounted cash flow calculation	Discount rate	**NA**	Nil	20.53%	The higher the discount rate, the lower the fair value.

The eucalyptus trees and moso bamboo trees and bamboo shoots in plantations had not been insured against risks of fire, diseases and other possible risks.

NA – Not applicable

6 Land use rights

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Cost			
Balance at beginning and at end of year		**26,796**	26,796
Accumulated amortisation and impairment losses			
Balance at beginning of year		**3,865**	3,323
Amortisation for the year	26(b),27	**542**	542
Impairment	26(c)	**3,771**	–
Balance at end of year		**8,178**	3,865
Net book value		**18,618**	22,931

Land use rights were impaired by an amount of RMB 3,771,000 (2018: Nil) as the valuation by an independent professional valuer was lower than the carrying amount as at 30 June 2019 based on the impairment assessment made by management.

As at the end of the reporting period, land use rights of land area 16,400.68 square metres ("sqm") (2018 - 16,400.68 sqm) have been pledged to financial institutions to secure banking facilities [Note 22(b)].

6 Land use rights (Cont'd)

Land use rights relate to the following parcel of lands:

Location	Acquired from	Period	Land area (sqm)	Net book value 30 June 2019 RMB'000	Net book value 30 June 2018 RMB'000	Net book value 1 July 2017 RMB'000
No. 300 Houyu Jingxi Town Minhou County 闽侯县荆溪镇厚屿社区厚屿300号(1#厂房，2#职工宿舍，1#车间，研发综合实验楼)	Land and Resources Bureau of Minhou County 闽侯县国土资源局	41 years	22,833.30	**1,469**	1,514	1,560
No. 2 Dongling Road Minhou Economic and Technological Development Zone, Ganzhe Street 甘蔗街道闽侯经济技术开发区东岭路2号(1#生产车间整座，2#厂房整座，办公楼整座)	Land and Resources Bureau of Minhou County 闽侯县国土资源局	50 years	14,389.61	**15,846**	16,214	16,582
No. 2 Dongling Road Minhou Economic and Technological Development Zone, Ganzhe Street 甘蔗街道闽侯经济技术开发区东岭路2号 (4#厂房整座，5#，6#生产车间整座)	Land and Resources Bureau of Minhou County 闽侯县国土资源局	50 years	16,400.68			
No. 2 Shengfeng Road Liantang Town, Pucheng County 浦城县莲塘镇盛丰路2号	People's Government of Pucheng County 浦城县人民政府	41 years	20,636.68	**913**	947	980
Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City 漳平市桂林街道后福村工业	People's Government of Zhangping City 漳平市人民政府	50 years	19,678.00	**390**	4,256	4,351
				18,618	22,931	23,473

The land use rights with a carrying amount of RMB 913,000 (2018: RMB 947,000) in relation to parcel of land located at No. 2 Shengfeng Road, Liantang Town, Pucheng County, Nanping City, Fujian Province in the PRC continue to be subject to certain restrictions as to the intended use.

7 Intangible assets

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Cost			
Balance at beginning of year		**39**	–
Additions		**48**	39
Balance at end of year		**87**	39
Accumulated amortisation			
Balance at beginning of year		**5**	–
Amortisation for the year	26(a), 27	**12**	5
Balance at end of year		**17**	5
Net book value		**70**	34

In the financial year ended 30 June 2019, the Group acquired improvements to their accounting software.

In the financial year ended 30 June 2018, the Group acquired a computer software.

8 Investment properties

The Company	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Valuation			
Balance at beginning of year		**–**	–
Transfer from property, plant and equipment (net)	4	**8,605**	–
Fair value adjustments		**(835)**	–
Balance at end of year		**7,770**	–
Representing:			
- At cost		**–**	–
- At valuation		**7,770**	–
		7,770	–
Accumulated depreciation and impairment loss			
Balance at beginning of year		**–**	–
Transfer from property, plant and equipment		**–**	–
Fair value adjustments		**–**	–
Balance at end of year		**–**	–
Carrying amount			
Balance at end of year		**7,770**	–
Fair value			
Balance at end of year		**7,770**	–

8 Investment properties (Cont'd)

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Cost or valuation			
Balance at beginning of year		**173,352**	110,027
Transfer from property, plant and equipment	4	**8,605**	1,923
Written off		**–**	(2,700)
Elimination of accumulated depreciation		**–**	(2,713)
Fair value adjustments		**(1,259)**	66,815
Balance at end of year		**180,698**	173,352
Representing:			
- At cost		**–**	–
- At valuation		**180,698**	173,352
		180,698	173,352
Accumulated depreciation and impairment loss			
Balance at beginning of year		**–**	1,207
Depreciation for the year	26(b), 27	**–**	2,082
Elimination of accumulated depreciation		**–**	(2,713)
Written off		**–**	(576)
Balance at end of year		**–**	–
Carrying amount			
Balance at beginning of year		**173,352**	108,820
Balance at end of year		**180,698**	173,352
Fair value			
Balance at beginning of year		**173,352**	*
Balance at end of year		**180,698**	173,352

* No information available

8 Investment properties (Cont'd)

(a) The investment properties as at the end of the reporting period comprise:

Description and location	Grossfloor area (sqm)	Tenure	**At fair value 30 June 2019 RMB'000**	At fair value 30 June 2018 RMB'000	At cost 1 July 2017 RMB'000
The Group					
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 300 Houyu Jingxi Town, Minhou County, Fuzhou City Fujian Province, The PRC	31,291.09	41 years leasehold up to 23.06.2052	**132,360**	132,390	–
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 2 Dongling Road, Minhou Economic and Technological Development Zone, Ganzhe Street Minhou County, Fuzhou City Fujian Province, The PRC	10,053.33	50 years leasehold up to 29.07.2062	**37,285**	37,729	106,576
Zhangping Fengwang Agricultural Products Co., Ltd Luoan Food Industrial Park, Houfu Village, Guilin Street, Zhangping City Fujian Province, The PRC	19,678.00	50 years leasehold up to 18.04.2063	**3,283**	3,233	–
Nanping Yuanwang Foods Co., Ltd Warehouse and shophouse located at No. 2 Shengfeng Road Liantang Town, Pucheng County, Nanping City, Fujian Province, The PRC	7,810.00	41 years leasehold up to 26.01.2046	**–**	–	2,244
The Company					
20 Cecil Street #06-02 GSH Plaza Singapore 049702 Office unit #06-02	48.00	99 years leasehold up to 07.12.2088	**7,770**	–	–
			180,698	173,352	108,820

8 Investment properties (Cont'd)

(b) Investment properties are carried at fair value as at 30 June 2019 as determined by the independent professional valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The valuers have considered 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 discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.

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.

Details of valuation methods and key assumptions used to estimate the fair values of investment properties are set out in Note 33.6.

(c) As at the end of the reporting period, the carrying amount of investment properties of the Company and of the Group which have been pledged to financial institutions to secure bank facilities was as follows:

		The Company		The Group	
	Note	**30 June 2019 RMB'000 *(at valuation)***	30 June 2018 RMB'000 *(at valuation)*	**30 June 2019 RMB'000** *(at valuation)*	30 June 2018 RMB'000 *(at valuation)*
Carrying amount,					
- 2号5#生产车间	22(b)	**–**	–	**37,285**	37,729
- Office unit #06-02	22(a)	**7,770**	–	**7,770**	–
		7,770	–	**45,055**	37,729

(d) The investment properties are leased to non-related parties under non-cancellable operating leases.

8 Investment properties (Cont'd)

(e) The following amounts are recognised in profit or loss:

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Rental income	24	**5,058**	2,792	2,243
Direct operating expenses arising from investment properties that generated rental income		**(3,488)**	(2,127)	(1,206)

(f) If the leasehold properties stated at valuation were included in the financial statements at cost less accumulated depreciation, their net book values would be:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
At net book value,			
- investment properties	**104,254**	106,537	108,820

9 Investments in subsidiaries

The Company	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Unquoted equity investments, at cost	**163,975**	163,975
Additions	**–**	–
	163,975	163,975
Impairment loss on investment in a subsidiary		
Balance at beginning of year	**(14,213)**	(14,213)
Impairment loss for the year	**–**	–
	(14,213)	(14,213)
Balance at end of year	**149,762**	149,762

9 Investments in subsidiaries (Cont'd)

The subsidiaries are:

Name	Country of Incorporation/ principal place of business	Cost of investments			Proportion of interests and voting rights held by the Group			Principal activities
		30 June 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 %**	30 June 2018 %	1 July 2017 %	
<u>Held by the Company</u>								
Fujian Wangsheng Industrial Co., Ltd. ("Wangsheng") * (福建望盛实业有限公司)	The People's Republic of China ("PRC")	**149,762**	149,762	149,762	**100**	100	100	Production and sales of processed food products
Nanping Yuanwang Foods Co., Ltd ("Yuanwang") * (南平市元旺食品有限公司)	PRC	**14,213**	14,213	14,213	**100**	100	100	Production and sales of semi-processed food products
<u>Held by Fujian Wangsheng Industrial Co., Ltd</u>								
Zhangping Fengwang Agricultural Products Co., Ltd ("Fengwang") * (漳平市丰旺农产品有限公司)	PRC	**–**	–	–	**100**	100	100	Sales of edible fungi
Zhangping Senwang Forestry Co., Ltd ("Senwang")*,# (漳平市森旺林业有限公司)	PRC	**–**	–	–	**100**	100	100	Forestry management
Fuzhou Kangzhimei Foods Co., Ltd ("Kangzhimei")*,# (福州康之美食品有限公司)	PRC	**–**	–	–	**100**	100	100	Sales of processed food products

9 Investments in subsidiaries (Cont'd)

The subsidiaries are: (Cont'd)

Name	Country of Incorporation/ principal place of business	Cost of investments			Proportion of interests and voting rights held by the Group			Principal activities
		30 June 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 %**	30 June 2018 %	1 July 2017 %	
Held by Fujian Wangsheng Industrial Co., Ltd (Cont'd)								
Feng Zhi Qiu International Holdings Company Limited (Hong Kong Special Administrative Region) ("Fengzhiqiu") * (丰之秋国际控股有限公司)	Hong Kong	**–**	–	–	**100**	100	100	Sales of processed food products
Held by Nanping Yuanwang Foods Co., Ltd								
Nanping Lijiashan Forestry Co., Ltd ("Lijiashan") *,# (南平市李家山林业有限公司)	PRC	**–**	–	–	**100**	100	100	Forestry management, cultivation and sales of edible fungi and vegetables
Held by Nanping Lijiashan Forestry Co., Ltd								
Sanming Shansheng Forestry Co., Ltd ("Shansheng") *,# (三明山盛林业有限公司)	PRC	**–**	–	–	100	100	100	Forestry management cultivation and sales of edible fungi and vegetables
		163,975	163,975	163,975				

* Audited by Foo Kon Tan LLP for consolidation purposes.
The financial statements of the China and Hong Kong entities are not subject to statutory audit under the jurisdictions in which they operate.

\# These subsidiaries have ceased their principal activities and operations during the financial year ended 30 June 2018.

10 Investments in associates

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Unquoted equity investments, at cost		**39,933**	39,933	39,933
Aggregate share of post-acquisition profit		**3,181**	3,490	4,056
Transfer to assets held for sale	18	**(43,114)**	–	–
		–	43,423	43,989
Share of associates' results, net of tax		**(309)**	(566)	(977)

The associates are as follows:

Name		**Country of incorporation/ principal place of business**	**Proportion of interests and voting rights held by the Group**			**Principal activities**
			30 June 2019 %	30 June 2018 %	1 July 2017 %	
Held by Wangsheng						
Fujian Tianwang Foods Co., Ltd. ("Tianwang") (福建省天旺食品有限公司)	(Note 18)	PRC	**–**	45	45	Production of canned food (fruits and vegetables)
Held by Tianwang						
Sanming Sennong Forestry Co., Ltd ("Sennong") (三明森农林业有限公司)	(Note 18)	PRC	**–**	45	45	Self-cultivation of bamboo trees and bamboo shoots

These associates are accounted for using the equity method in these consolidated financial statements of the Group.

Aggregate information of associates that are not individually material

The Group	**Tianwang and its subsidiary 30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Revenue	**7,680***	4,463	5,720
Loss for the financial year, representing total comprehensive loss for the financial year	**686***	(1,259)	(2,171)
Share of loss and total comprehensive loss	**(309)***	(566)	(977)

* Prior to reclassification to held for sale (Note 18).

11 Prepayments

		The Company			The Group		
		30 June 2019	30 June 2018	1 July 2017	**30 June 2019**	30 June 2018	1 July 2017
	Note	**RMB'000**	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Prepaid maintenance cost		**–**	–	–	**–**	–	–
Prepaid other operating expenses		**–**	126	18	**–**	126	18
		–	126	18	**–**	126	18
Less: current portion	16	**–**	(126)	(18)	**–**	(126)	(18)
Non-current portion		**–**	–	–	**–**	–	–

The movement is as follows:

	30 June 2019	30 June 2018
The Group	**RMB'000**	RMB'000
Balance at beginning of year	**126**	18
Addition	**–**	108
Written off to profit or loss (net)	**(126)**	–
Balance at end of year	**–**	126

12 Long term deposit

	30 June 2019	30 June 2018
The Group and The Company	**RMB'000**	RMB'000
Deposit to acquire new office unit		
Balance at beginning of year	**–**	–
Transfer to property, plant and equipment on completion of acquisition	**–**	–
Balance at end of year	**–**	–

During the financial year ended 30 June 2017, the deposit paid of RMB 4,626,000 for the acquisition of a new office unit was transferred to leasehold property under property, plant and equipment upon completion of acquisition.

13 Deferred taxation

The Group	30 June 2019 RMB'000	30 June 2018 RMB'000
Deferred tax assets		
Balance at beginning of year	–	(2,005)
Tax charged to profit or loss		
- current year	–	2,005
Balance at end of year	–	–
Deferred tax liabilities		
Balance at beginning of year	**32,126**	3,711
Movement for the year	**679**	28,415
Balance at end of year	**32,805**	32,126

The balance comprises tax on the following temporary differences:

The Group	Note	Gain on valuation of investment properties RMB'000	Gain on revaluation of leasehold properties RMB'000	Undistributed earning of subsidiaries RMB'000	Total RMB'000
At 1 July 2017		–	–	3,711	3,711
Charged to other comprehensive income	26(e)	–	11,925	–	11,925
Charged to profit or loss		16,490	–	–	16,490
		16,490	11,925	–	28,415
At 30 June 2018		**16,490**	**11,925**	**3,711**	**32,126**
Charged to other comprehensive income	26(e)	**–**	**785**	**–**	**785**
Charged to profit or loss	28	**(106)**	**–**	**–**	**(106)**
		(106)	**785**	**–**	**679**
At 30 June 2019		**16,384**	**12,710**	**3,711**	**32,805**

On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui [2008] No.001, which imposes withholding tax on distribution of dividends from post 1 January 2008 profits to foreign investors. Accordingly, no deferred tax liabilities arise from undistributed profits of the Company's China subsidiaries accumulated up till 31 December 2007. Provision for deferred tax liabilities however, would be required on profits accumulated from 1 January 2008 onwards.

The deferred tax liabilities of RMB 3,711,000 (2018 - RMB 3,711,000) as at 30 June 2019 relate to the PRC withholding tax on the portion of the distributable profits to be derived from the Group's subsidiaries in the PRC which is expected to be distributed out as dividends to its shareholders. The Group has provided for withholding tax based on the dividends that would be required to be proposed or paid by certain subsidiaries under business conditions to meet its operational needs and shareholders' expectation.

Management has determined that the recovery of the investment properties is through the rental of the investment properties over time rather than through a sale and deferred tax liability has been accounted for accordingly.

14 Inventories

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
At cost,			
Finished goods	**9,544**	10,986	5,220
Raw materials	**14,289**	16,833	15,768
	23,833	27,819	20,988
Cost of inventories included in cost of sales	**71,065**	105,265	*

* no information available

During the financial year ended 30 June 2019, the Group has recognised a write down of RMB 1,274,000 (2018 – Nil) in the net recoverable amount of inventory in accordance with the Group's accounting policy of writing down inventories to their net realisable value.

15 Trade and other receivables

	The Company			**The Group**		
	30 June 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Trade receivables	**–**	–	–	**11,955**	37,858	96,235
Other receivables						
- third parties	**29**	6	29	**1,450**	1,072	13,547
- an associate	**–**	–	–	**4,031**	–	–
Non-trade amount owing by:						
- a subsidiary	**146,566**	154,071	153,186	**–**	–	–
- an associate	**–**	–	–	**708**	708	–
- related parties	**–**	–	–	**–**	17	5,897
VAT receivable	**–**	–	–	**1,697**	2,068	1,599
Advances to suppliers	**–**	–	–	**5,465**	13,097	24,497
Total trade and other receivables	**146,595**	154,077	153,215	**25,306**	54,820	141,775

Trade receivables are due within 30 to 90 days (2018 - 30 to 90 days) and do not bear any interest. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade receivables, as the amounts recognised resemble a large number of receivables from various customers.

The non-trade amounts due from a subsidiary, an associate and related parties represent advances which are unsecured, non-interest bearing and repayable on demand.

VAT receivable relates to the percentage of qualifying purchases at the time the vendor invoices are processed.

Advances to suppliers relate to advance payments for the purchase of raw materials for processed food.

15 Trade and other receivables (Cont'd)

Trade and other receivables are denominated in the following currencies:

	The Company			The Group		
	30 June 2019	30 June 2018	1 July 2017	**30 June 2019**	30 June 2018	1 July 2017
	RMB'000	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Chinese renminbi	**146,565**	136,334	136,334	**13,400**	19,198	98,260
Japanese yen	**–**	–	–	**972**	78	76
Singapore dollar	**30**	17,743	16,881	**29**	6	29
United States dollar	**–**	–	–	**10,905**	35,538	43,410
	146,595	154,077	153,215	**25,306**	54,820	141,775

Other receivables of RMB 11,654,000 (2018 - RMB 14,894,000) (excluding VAT receivable) are neither past due nor impaired.

Further details of the Group's financial risk management of credit risk are disclosed in Note 33.3.

16 Prepayment (current)

		30 June 2019	30 June 2018	1 July 2017
The Company and The Group	Note	**RMB'000**	RMB'000	RMB'000
Prepaid other operating expenses	11	**86**	126	18

17 Cash and bank balances

	The Company			The Group		
	30 June 2019	30 June 2018	1 July 2017	**30 June 2019**	30 June 2018	1 July 2017
	RMB'000	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Cash on hand	**–**	–	–	**185**	315	201
Bank balances	**521**	370	2,131	**12,716**	10,225	6,427
	521	370	2,131	**12,901**	10,540	6,628

17 Cash and bank balances (Cont'd)

Cash and bank balances are denominated in the following currencies:

	The Company			The Group		
	30 June 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Chinese renminbi	**17**	17	49	**3,893**	2,971	4,542
Hong Kong dollar	**–**	–	–	**3**	4	3
Singapore dollar	**497**	346	2,075	**502**	353	2,075
United States dollar	**7**	7	7	**8,503**	7,212	8
	521	370	2,131	**12,901**	10,540	6,628

Further details of the Group's financial risk management and credit risk are disclosed in Note 33.3.

18 Associates classified as held for sale

On the 23 April 2019, the Company announced that it had entered into an agreement to dispose of its associate Fujian Tianwang Foods Co., Ltd. ("Tianwang") and its wholly owned subsidiary, Sanming Sennong Forestry Co., Ltd. The transaction is expected to complete subsequent to year end subject to certain conditions, including regulatory approval and approval of the shareholders at the special general meeting.

The Company is of the view that the disposal is in the best interests of the Company for the following reasons:

(i) The Group no longer has any bamboo plantations and as such, Tianwang no longer adds value to the Group;

(ii) Further losses would be prevented by discontinuing unprofitable investment projects; and

(iii) Providing the working capital for the Company to embark on subsequent projects.

In compliance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued operations, the assets and liabilities of the Disposal Group are classified as a disposal group held for sale on the consolidated balance sheet.

Assets held for sale are measured at the lower of carrying amount and fair value less costs of disposal. The Group has recognised an impairment loss of RMB 3,181,000 (2018:Nil) on the investment in associate in respect of the Disposal Group when it was reclassified as assets held for sale as the expected fair value less costs of disposal which is represented by the sale proceeds was lower than the carrying amount.

Asset held for sale The Group	Note	**30 June 2019 RMB'000**
Balance at beginning of the year		**–**
Transfer from investment in associate	10	**43,114**
Impairment loss	26(c), 27	**(3,181)**
Balance at end of year		**39,933**

18 Associates classified as held for sale (Cont'd)

The Group	30 June 2019 RMB'000
Assets	
Plant, property and equipment	**24,811**
Intangible assets	**10,795**
Trade and other receivables	**1,650**
Inventory	**6,606**
Cash and cash equivalents	**228**
Assets classified as disposal group held for sale	**44,090**
Liabilities	
Trade and other payables	**10,429**
Provision for tax	**1,229**
Liabilities classified as disposal group held for sale	**11,658**

19 Share capital

	Number of ordinary shares			Amount		
	30 June 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
The Company and the Group						
Issued and fully paid ordinary shares with no par value:						
Balance at beginning and at end of year	**176,798**	176,798	176,798	**322,210**	322,210	322,210

Per ACRA registered records, the gross issued and paid up capital as at 30 June 2019 is S$ 69,312,309 (30 June 2018 - S$69,312,309, 1 July 2017 – S$69,312,309).

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

20 Other reserves

(a) Share-based payment reserve

This share-based payment reserve comprises of the ordinary shares transferred by Sanwang International Holdings Limited ("Sanwang"), the former ultimate holding company, to an ex-key management personnel in accordance to the employment agreement with the Company.

20 Other reserves (Cont'd)

(b) Statutory reserve

According to the PRC Company Law, the subsidiaries in PRC are required to transfer between 10% and 50% of their profits after taxation to statutory common reserve until the common reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to this reserve, the profits after taxation shall be the amount determined under the PRC accounting standards. The transfer to this reserve must be made before the distribution of dividends to shareholders.

Statutory common reserve can be used to make good previous years' losses and for conversion to capital, if any, provided that the balance remains not less than 25% of the registered capital.

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Statutory common reserve		
Balance at beginning and at end of year	**71,135**	71,135

(c) Revaluation reserve

Revaluation reserve arises from the revaluation of the leasehold properties at valuation within property, plant and equipment during the financial year ended 30 June 2019 in accordance with the requirements of SFRS(I) 1-16.

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Revaluation reserve			
Balance at the beginning of the year		**35,775**	–
Movement during the year	26(e)	**2,355**	35,775
Balance at end of the year		**38,130**	35,775

(d) Other reserve – non-distributable

Other reserves relate to the transfer of the unaccountable balances from trade and other payables during the year ended 30 June 2019. This reserve is not distributable as dividends to shareholders. Refer to Note 21.

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Other reserve			
Movement and balance at end of year	21	**29,349**	–

21 Trade and other payables

	The Company			The Group		
	30 June 2019	30 June 2018	1 July 2017	**30 June 2019**	30 June 2018	1 July 2017
	RMB'000	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Trade payables	**–**	–	–	**12,571**	15,184	153,228
Trade amount owing to:						
- an associate	**–**	–	–	**163**	–	246
- other related parties	**–**	–	–	**–**	–	648
- a party which a substantial shareholder of the Company has interest in	**–**	–	–	**–**	–	440
Unaccountable balances	**–**	–	–	**–**	59	59
	–	–	–	**12,734**	15,243	154,621
Other payables	**6**	6	184	**2,805**	387	1,068
VAT payable	**–**	–	–	**3,619**	3,724	3,720
Government tax payable	**–**	–	–	**196**	494	496
Non-trade amount owing to:						
- a subsidiary	**1,515**	2,435	–	**–**	–	–
- an associate	**–**	–	–	**–**	1,752	–
- a party who is a substantial shareholder of the Company	**–**	–	–	**14,366**	13,794	7,850
Advances from customers representing contract liability	**–**	–	–	**44**	20	3,681
Accruals	**2,453**	4,871	2,825	**1,071**	5,853	3,723
Unaccountable balances	**–**	–	–	**–**	29,290	29,290
	3,974	7,312	3,009	**22,101**	55,314	49,828
Balance at the end of the year	**3,974**	7,312	3,009	**34,835**	70,557	204,449

The carrying amount of trade payables, due to their short duration, approximates their fair values.

Other payables comprise mainly outstanding payment to the contractors and accrual for social insurances.

The non-trade amount owing to a subsidiary, an associate and a party who is a substantial shareholder of the Company represents advances which are non-interest bearing and are repayable on demand.

Accruals relate to liabilities for employee benefit costs and professional fees.

21 Trade and other payables (Cont'd)

Unaccountable balances of RMB 29,349,000 as at 30 June 2017 and 2018

As stated in the financial statements of the Company for the years ended 30 June 2017 and 2018, trade and other payables as at those dates included an amount of RMB 29,349,000 and relates to the residual which cannot be represented as of 30 June 2017 and 2018. For the year ended 30 June 2019, the management has tried to authenticate whether the residual sum standing as a credit balance is a liability, income or deferred income under the Singapore Financial Reporting Standards (International) and the Conceptual Framework for Financial Reporting.

As disclosed in FY2017 and FY2018, the unaccountable balance arises from the reconstruction of the books and records of the China subsidiaries. Under the Conceptual Framework for Financial Reporting which is a comprehensive set of concepts for financial reporting that are issued by the Accounting Standards Council of Singapore, information that is not reliable (i.e. incomplete, not neutral and not free from error) cannot be recognised either as an asset, liability or income in the financial statements. In this regard, the PRC subsidiaries' legal counsel had conducted legal due diligence processes to verify this residual sum and its completeness for the current financial year ended 30 June 2019 as follows:

i. the PRC subsidiaries' legal counsel has run advertisements (two separate advertisements) on the China national newspapers giving notice to the suppliers and creditors to contact the PRC subsidiaries' legal counsel for any claims that they may have against the Group; and

ii. the PRC subsidiaries' legal counsel had carried out legal due diligence to contact and to obtain confirmations from inactive suppliers and creditors to determine the existence of any liabilities that may not have been recorded in the books and records of the China subsidiaries.

No claims have been received by the PRC subsidiaries' legal counsel to date. On this basis, management has accounted for and transferred the unaccountable balances from trade and other payables to a standing credit in equity as a non-distributable reserve during the financial year ended 30 June 2019.

Refer to Note 31 on the letter of undertaking by the Chief Executive Officer and Executive Director of the Company, Chen Qiuhai, to the Company.

Trade and other payables are denominated in the following currencies:

	The Company			The Group		
	30 June 2019	30 June 2018	1 July 2017	**30 June 2019**	30 June 2018	1 July 2017
	RMB'000	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Chinese renminbi	**1,515**	2,435	–	**32,376**	51,886	190,623
Singapore dollar	**2,459**	4,877	3,009	**2,459**	4,877	6,171
United States dollar	**–**	–	–	**–**	13,794	7,655
	3,974	7,312	3,009	**34,835**	70,557	204,449

22 Bank borrowings

		The Company			The Group		
		30 June 2019	30 June 2018	1 July 2017	**30 June 2019**	30 June 2018	1 July 2017
	Note	**RMB'000**	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Secured bank loan:							
#1 Term loan	(a)	**5,448**	4,887	5,223	**5,448**	4,887	5,223
#2 Bank loan	(b)	**–**	–	–	**3,000**	4,000	–
		5,448	4,887	5,223	**8,448**	8,887	5,223
Amount repayable:							
Not later than one year		**370**	378	380	**3,370**	4,378	380
Later than one year and not later than five years		**1,665**	1,627	1,624	**1,665**	1,627	1,624
Later than five years		**3,413**	2,882	3,219	**3,413**	2,882	3,219
		5,078	4,509	4,843	**5,078**	4,509	4,843
		5,448	4,887	5,223	**8,448**	8,887	5,223

(a) The term loan of S$ 1,322,000 or RMB 5,448,000 (30 June 2018 - S$ 1,015,000 or RMB 4,887,000; 1 July 2017 - S$ 1,062,000 or RMB 5,223,000) is repayable over 174 (2018: 150) monthly instalments commencing from 13 July 2016 with a principal payment of S$ 6,102 (2018 - S$ 6,475); 1 July 2017 S$ 6,475 plus any applicable interest.

The loan is secured by a first ranking mortgage in the amount of S$ 1,530,000 [RMB 7,770,000] (30 June 2018 - S$ 1,730,000 [RMB 8,390,000]; 1 July 2017 - RMB 7,971,000)] on its legal charges on an investment property (2018 – leasehold property) - an office unit in GSH Plaza, Singapore. Refer to Note 4(d) for the Company.

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 year ended 30 June 2019, there are no known instances of any breach of loan covenants.

As at the end of the reporting period, the applicable floating interest rate is 2.7% (30 June 2018 - 2.9%; 1 July 2017 - 3.0%) per annum below the applicable Enterprise Base Rate. The effective interest rate of the term loan ranges from 3.85% to 4.60% (30 June 2018 - 2.45% to 3.85%; 1 July 2017 - 2.25% to 2.45%) per annum.

(b) The bank loan of RMB 3,000,000 is repayable on 26 September 2019. These loans are secured by, inter-alia:

- a personal guarantee by a director of the Company, Chen Qiuhai; and
- legal charges on the Group's leasehold properties of RMB 20,484,000 [see Note 4(c)], land use rights of land area of 16,400.68 sqm (see Note 6) and investment properties of RMB 37,285,000 [see Note 8(c)] belonging to a subsidiary, Wangsheng.

22 Bank borrowings (Cont'd)

The bank loan of RMB 4,000,000 which comprises in two tranches of RMB 1,000,000 and RMB 3,000,000 loans drawn down, are repayable on 6 July 2018 and 27 August 2018 respectively. These loans are secured by, inter-alia:

- a personal guarantee by a director of the Company, Chen Qiuhai; and
- legal charges on the Group's leasehold properties of RMB 20,721,000 [see Note 4(c)], land use rights of land area of 16,400.68 sqm (see Note 6) and investment properties of RMB 37,729,000 [see Note 8(c)] belonging to a subsidiary, Wangsheng.

Interest is charged at 5.9% per annum.

As at the date of this report, these bank loans have been fully repaid.

Bank borrowings are denominated in the following currencies:

	The Company			The Group		
	30 June 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Chinese renminbi	**–**	–	–	**3,000**	4,000	–
Singapore dollar	**5,448**	4,887	5,223	**5,448**	4,887	5,223
	5,448	4,887	5,223	**8,448**	8,887	5,223

23 Revenue

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Self-cultivated		
- bamboo trees and bamboo shoots – point in time	**–**	346
- eucalyptus – point in time	**–**	9,713
	–	10,059
Processed food products – point in time	**61,358**	97,042
	61,358	107,101

<u>Disaggregation of revenue from contracts with customers</u>

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.

23 Revenue (Cont'd)

Disaggregation of revenue from contracts with customers (Cont'd)

	At point in time RMB'000	Over time RMB'000	Total RMB'000
2019			
- Japan	**58,477**	**–**	**58,477**
- PRC	**2,767**	**–**	**2,767**
- Netherlands	**114**	**–**	**114**
	61,358	**–**	**61,358**
2018			
- Japan	90,851	–	90,851
- PRC	15,403	–	15,403
- Netherlands	847	–	847
	107,101	–	107,101

The following table provides information about receivables and contract liabilities from contracts with customers. There is no contract asset at the end of reporting period.

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Trade receivables	15	**11,955**	37,858	96,235
Advances from customers representing contract liabilities	21	**44**	20	3,681

The contract liabilities primarily relate to advance consideration received from customers for sale of goods. The contract liabilities are recognised as revenue as the Group performs under the contract. Significant changes in the contract liabilities balances are explained as follows:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the year	**20**	3,681
Increases due to cash received, excluding amounts recognised as revenue during the year	**44**	20

24 Rental income from investment properties

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Rental income	8(e)	**5,058**	2,792

25 Other operating income

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000 (Restated)
Exchange gain, net	27	**342**	84
Government subsidies		**50**	1,816
Interest income	27	**8**	–
Property tax refund		**–**	33
Sale of raw materials		**3,295**	–
Fair value gain on investment property		**–**	66,815
Reversal of impairment loss on leasehold property		**–**	532
Gain on refund of prepaid lease		**–**	4,390
Miscellaneous income		**718**	493
		4,413	74,163

Government subsidies were related to subsidies for a subsidiary's research and development projects received from government-related agencies in support of agricultural activities in the PRC.

Sale of raw materials consists of sales of aged stock.

26(a) Selling and distribution expenses

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Advertising fee		**77**	9
Amortisation of intangible assets	7	**12**	5
Courier expenses		**685**	1,613
Depreciation of property, plant and equipment	4(a)	**4**	7
Employee benefit costs	26(f)	**438**	586
Others		**324**	291
		1,540	2,511

26(b) Administrative expenses

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Amortisation of land use rights	6, 27	**542**	542
Audit fees paid/payable to:			
- auditors of the Company	27	**669**	970
Non-audit fees:			
- auditors of the Company		**–**	412
Depreciation of property, plant and equipment	4(a)	**1,211**	453
Depreciation of investment properties	8, 27	**–**	2,082
Directors' fees	26(f)	**648**	656
Employee benefit costs		**5,565**	6,535
	26(f)	**6,213**	7,191
Legal and professional fees		**1,317**	1,070
Research expenses	27	**1,846**	5,089
Stamp duty and other taxes		**532**	1,267
Transport expenses		**922**	735
Utilities		**803**	872
Others		**2,597**	2,757
		16,652	23,440

26(c) Other operating expenses

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000 (Restated)
Cost of sale of raw materials		**5,121**	–
Impairment of associate classified as held for sale	18	**3,181**	–
Impairment loss on land use rights	6	**3,771**	–
Fair value loss on investment property	8	**1,259**	2,124
Write down of inventories to net realisable value	14	**1,274**	–
Unaccountable expenses		**–**	1,675
Others		**1,274**	484
		15,880	4,283

26(d) Finance costs

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Interest expenses on bank loans	**404**	261

26(e) Other comprehensive income, net of tax

The Group	Note	30 June 2019 Before tax RMB'000	30 June 2019 Tax expense RMB'000	30 June 2019 Net of tax RMB'000
Revaluation gain on leasehold properties	4, 20	**3,140**	**(785)**	**2,355**

	Note	30 June 2018 Before tax RMB'000	30 June 2018 Tax expense RMB'000	30 June 2018 Net of tax RMB'000
Revaluation gain on leasehold properties	4, 20	47,700	(11,925)	35,775

26(f) Employee benefit costs

The Group	30 June 2019 RMB'000	30 June 2018 RMB'000
Salaries and related costs	**15,457**	18,992
Contributions to defined contribution plans	**705**	745
	16,162	19,737

Represented as follows:

The Group	Note	The Company 30 June 2019 RMB'000	The Company 30 June 2018 RMB'000	The Group 30 June 2019 RMB'000	The Group 30 June 2018 RMB'000
Directors' fee	26(b)	**648**	656	**648**	656
Short-term benefits		**752**	944	**1,306**	1,507
		1,400	1,600	**1,954**	2,163
Others		**–**	–	**14,208**	17,574
		1,400	1,600	**16,162**	19,737
Analysed into:					
Directors of the Company		**648**	857	**893**	857
Directors of the subsidiaries		**–**	–	**309**	260
Key management personnel		**752**	743	**752**	1,046
		1,400	1,600	**1,954**	2,163
Other than directors and key management personnel		**–**	–	**14,208**	17,574
		1,400	1,600	**16,162**	19,737

Employee benefit costs are charged to:

The Group	Note	30 June 2019 RMB'000	30 June 2018 RMB'000
Cost of sales		**9,511**	11,960
Selling and distribution expenses	26(a)	**438**	586
Administrative expenses	26(b)	**6,213**	7,191
		16,162	19,737

27 (Loss)/Profit before taxation

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000
(Loss)/profit before taxation has been arrived at after charging:			
Amortisation of intangible assets	7	**12**	5
Amortisation of land use rights	6, 26(b)	**542**	542
Depreciation of property, plant and equipment	4(a)	**4,391**	1,169
Depreciation of investment properties	8, 26(b)	**–**	2,082
Operating lease expenses - office premises		**–**	96
Employee benefit costs	26(f)	**16,162**	19,737
Audit fees paid/payable to:			
- auditors of the Company	26(b)	**669**	970
Impairment of investment in associates classified as held for sale	18	**3,181**	–
Non-audit fees:			
- auditors of the Company		**–**	412
Research expenses	26(b)	**1,846**	5,089
Unaccountable expenses		**–**	1,675
and crediting:			
Exchange gain, net	25	**342**	84
Interest income	25	**8**	–

28 Taxation

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Current taxation		
- Current financial year	**–**	41
- Under provision in respect to prior years	**89**	58
	89	99
Deferred taxation		
-Origination and reversal of temporary difference	**(106)**	18,495
	(106)	18,495
	(17)	18,594

28 Taxation (Cont'd)

The tax expense/(credit) on the results of the financial year varies from the amount of income tax determined by applying the relevant statutory rate of income tax on Group's results as a result of the following:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
(Loss)/profit before taxation	**(35,021)**	47,730
Income tax calculated at the applicable tax rate in PRC where the Group's taxable income is mainly derived	**(8,755)**	11,933
Tax effect of share of results of associates	**(77)**	(142)
Tax effect on non-taxable income	**(168)**	(16,703)
Tax effect on non-deductible expenses	**2,110**	1,943
Under/(over) provision in respect to prior years	**89**	58
Effect of different tax rates	**418**	354
Deferred tax asset not recognised	**6,317**	–
Origination and reversal of temporary difference	**(106)**	18,495
Others, including unreconciled items	**155**	2,656
	(17)	18,594

Applicable tax rate

The subsidiaries are subject to the Enterprise Income Tax Law of the PRC adopted by the National People's Congress and came into force on 1 January 2008. The income tax rate applicable to the following entities within the Group in its country of jurisdiction is as follows:

	Tax rate
The Company	17%
Wangsheng	25%
Yuanwang	25%
Fengzhiqiu	16.5%
Fengwang	According to the approval issued by Zhangping State Tax Bureau dated 9 March 2012, Fengwang has obtained full tax exemption for income tax from Fujian tax authority for income derived from cultivation, preliminary processing of agricultural products up to 6 October 2028.

Non-taxable income relates to certain types of income exempted from tax including gain from changes in fair values of leasehold properties.

Deferred tax asset not recognised in the current year relates to unabsorbed tax losses of the group of RMB 25,268,000 (2018: RMB nil).

29 (Loss)/earnings per share

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Net (loss)/profit attributable to equity holders of the Company	**(35,004)**	29,136

	30 June 2019 '000	30 June 2018 '000
Weighted average number of ordinary shares outstanding for the purpose of diluted earnings per share	**176,798**	176,798

The Group	**30 June 2019 RMB**	30 June 2018 RMB
Basic (loss)/earnings per share (cents)	**(19.8)**	16.5
Diluted (loss)/earnings per share (cents)	**(19.8)**	16.5

Basic earnings/(loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the Company (for the purpose of basic earnings/(loss) per share) by the weighted average number of ordinary shares outstanding during the financial year.

The weighted average number of ordinary shares outstanding for basic earnings/(loss) per share during the financial period is the number of ordinary shares outstanding at the beginning of the period adjusted by the weighted average number of ordinary shares outstanding during the period/year.

In the current and previous financial year, diluted earnings/(loss) per share are the same as basic earnings/(loss) 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.

30 Related party transactions

In relation to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties at mutually agreed amounts:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Purchases from a party related to a director of the Company	**–**	574
Purchases from an associate	**5,201**	3,329
The Company		
Settlement of liabilities on behalf by a subsidiary	**–**	833
Advances from a subsidiary	**7,314**	1,602
Advances to a subsidiary	**–**	885

31 Commitments

(i) Operating lease commitment (non-cancellable)

Where Group is the lessee

At the end of the reporting period, the Group was committed to making the following lease payment under non-cancellable operating leases:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Not later than one year	**47**	47
Later than one year and not later than five years	**8**	47
Later than five years	**–**	–
	55	94

(ii) Capital commitments

The Group's capital commitments contracted but not provided for in the consolidated financial statements are as follows:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Purchase of synthetic logs	**–**	2,037

(iii) Letter of undertaking

In connection with the unaccountable balances (refer to Note 21), the Chief Executive Officer and Executive Director of the Company, Chen Qiuhai, has, through the Company's lawyer, provided a letter of undertaking to the Company to repay any liabilities that may arise from the unaccountable balances.

32 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.

32 Statement of operations by segments (Cont'd)

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.

Business segments

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

Investment properties

During the current financial year ended 30 June 2019, the management has identified that the rental income from investment properties constitutes an operating business segment in accordance with accounting standard SFRS(I) 1-40. Accordingly, information on revenue from the rental income from investment properties and the related disclosure information required under SFRS(I) 1-40 for the current financial year has been presented as a new operating segment. The prior year has been restated in the current financial year for comparability purposes.

Self-cultivated edible fungi and moso bamboos

In the current financial year ended 30 June 2019, the management has determined that the self-cultivated edible fungi and moso bamboos segment is no longer a reportable segment following the disposal of the moso bamboo plantation and the eucalyptus trees operation in the financial year ended 30 June 2018. The change in the operating segment in respect of the self-cultivated edible fungi and moso bamboos is only with effect from 1 July 2018. Accordingly, the information on this segment in the previous financial year is not restated to reflect the change because the change only occurred during the financial year.

The eucalyptus trees comprises the excess harvested eucalyptus trees which are not in use as synthetic logs for production of edible fungi.

Processed food products

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

Corporate

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

32 Statement of operations by segments (Cont'd)

(a) Business segments

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group for the year ended 30 June 2019:

The Group Year ended 30 June 2019	Investment properties RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
Revenue				
- Sale of goods	–	61,358	–	61,358
- Rental income	5,058	–	–	5,058
Segment results	3,121	(24,184)	(3,759)	(24,822)
Fair value loss on investment properties	(1,259)	–	–	(1,259)
Property, plant and equipment written off	–	(1)	–	(1)
Impairment of land use rights	–	(3,771)	–	(3,771)
Impairment on investment in associates classified as held for sale	–	(3,181)	–	(3,181)
Write-down of inventories to net realisable value	–	(1,274)	–	(1,274)
Finance costs	(252)	(152)	–	(404)
Share of loss of associates classified as asset held for sale	–	(309)	–	(309)
Profit/(loss) before taxation	1,610	(32,872)	(3,759)	(35,021)
Taxation	–	17	–	17
Profit/(loss) after taxation	1,610	(32,855)	(3,759)	(35,004)
Other segment items				
Capital expenditure				
- Property, plant and equipment	–	2,336	318	2,654
- Intangible assets	–	48	–	48
Property, plant and equipment written off	–	1	–	1
Fair value loss on investment properties	1,259	–	–	1,259
Impairment of land use rights	–	3,771	–	3,771
Depreciation and amortisation	–	4,285	106	4,391
Segment assets	180,698	142,454	639	323,791
Segment liabilities	5,448	31,561	2,459	39,468

32 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 year ended 30 June 2018:

The Group Year ended 30 June 2018	Investment properties RMB'000 (Restated)	Self-cultivated RMB'000 (Restated)	Processed food products RMB'000 (Restated)	Corporate RMB'000	Total RMB'000
Revenue					
- Sale of goods	–	10,059	97,042	–	107,101
- Rental income	2,792	–	–	–	2,792
Segment results	1,711	(1,809)	(14,507)	(4,776)	(19,381)
Reversal of impairment loss on leasehold property	–	–	–	532	532
Fair value gain on investment properties	66,815	–	–	–	66,815
Refunds from termination of unexpired prepaid leases of eucalyptus plantations	–	4,390	–	–	4,390
Investment properties written off	(2,124)	–	–	–	(2,124)
Unaccountable expenses	–	(197)	(1,478)	–	(1,675)
Finance costs	–	1	(169)	(93)	(261)
Share of associates' losses	–	–	(566)	–	(566)
Profit/(loss) before taxation	66,402	2,385	(16,720)	(4,337)	47,730
Taxation	–	(114)	(18,480)	–	(18,594)
Profit/(loss) after taxation	66,402	2,271	(35,200)	(4,337)	29,136

32 Statement of operations by segments (Cont'd)

(a) Business segments (Cont'd)

The Group Year ended 30 June 2018	Investment properties RMB'000 (Restated)	Self-cultivated RMB'000 (Restated)	Processed food products RMB'000 (Restated)	Corporate RMB'000	Total RMB'000
Other segment items					
Addition to biological assets – synthetic logs	–	2,756	–	–	2,756
Capital expenditure					–
- Property, plant and equipment	–	13	645	6	664
- Intangible assets	–	–	39	–	39
Investment properties written off	2,124	–	–	–	2,124
Fair value gain on investment properties	66,815	–	–	–	66,815
Depreciation and amortisation	–	471	3,403	117	3,991
Segment assets	173,352	6,092	170,392	8,897	358,733
Segment liabilities	–	1,170	64,292	9,764	75,226

During the current financial year ended 30 June 2019, the management has identified that the rental income from investment properties constitutes an operating business segment in accordance with accounting standard SFRS(I) 8. Accordingly, information on revenue from the rental income from investment properties and the related disclosure information required under SFRS(I) 8 for the current financial year has been presented as a new operating segment. The prior year has been restated in the current financial year for comparability purposes.

32 Statement of operations by segments (Cont'd)

(a) Business segments (Cont'd)

Comparative figures have been restated as follows:	Investment properties RMB'000	Self-cultivated RMB'000	Processed food products RMB'000
Revenue			
- Rental income from investment properties	–	–	–
Restatement of rental income from investment properties for comparability purposes	2,792	–	–
- Rental income from investment properties – as restated	2,792	–	–
Results			
- Segment results – as previously stated	–	(1,870)	(12,735)
Restatement of rental income from investment properties for comparability purposes	1,711	61	(1,772)
- Segment results – as restated	1,711	(1,809)	(14,507)
- Fair value gain on investment properties – as previously stated	–	1,311	65,504
Restatement of rental income from investment properties for comparability purposes	66,815	(1,311)	(65,504)
- Fair value gain on investment properties – as restated	66,815	–	–
- Investment properties written off – as previously stated	–	–	(2,124)
Restatement of rental income from investment properties for comparability purposes	(2,124)	–	2,124
- Investment properties written off – as restated	(2,124)	–	–
Other segment items			
- Investment properties written off – as previously stated	–	–	2,124
Restatement of rental income from investment properties for comparability purposes	2,124	–	(2,124)
- Investment properties written off – as restated	2,124	–	–
- Fair value gain on investment properties – as previously stated	–	1,311	65,504
Restatement of rental income from investment properties for comparability purposes	66,815	(1,311)	(65,504)
- Fair value gain on investment properties – as restated	66,815	–	–
Segment assets			
- Segment assets – as previously stated	–	9,325	340,511
Restatement of rental income from investment properties for comparability purposes	173,352	(3,233)	(170,119)
- Fair value gain on investment properties – as restated	173,352	6,092	170,392

32 Statement of operations by segments (Cont'd)

(b) Geographical segments

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

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Revenue – sale of goods		
- Japan	**58,477**	90,851
- The People's Republic of China ("PRC")	**2,767**	15,403
- Netherlands	**114**	847
	61,358	107,101
Revenue – rental income – PRC	**5,058**	2,792

The following table shows the non-current assets by the geographical area in which the assets are located:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Non-current assets		
- The People's Republic of China	**255,590**	302,524
- Singapore	**7,772**	8,395
	263,362	310,919

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

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Reportable segments' assets are reconciled to total assets:		
Segment assets	**323,791**	358,733
Investments in associates	**–**	43,423
Associates classified as asset held for sale	**39,933**	–
Deferred tax assets	**–**	–
VAT receivable	**1,697**	2,068
	365,421	404,224
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	**39,468**	75,226
Deferred tax liabilities	**32,805**	32,126
Current income tax payable	**–**	21
VAT payable	**3,619**	3,724
Government tax payable	**196**	494
	76,088	111,591

32 Statement of operations by segments (Cont'd)

(d) Information about major customers

The revenue from one customer of the Group's processed food products segment amounted to approximately RMB 48,848,000 (2018 - RMB 62,610,000) and accounted for 80% (2018 - 58%) of the Group's revenue.

33 Financial risk management objectives and policies

The Group does not have written risk management policies and guidelines. The Board of Directors meets periodically to analyse and formulate measures manage risks. The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and price risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

Generally, the Group employs a conservative strategy regarding its risk management. The Group does not hold or issue derivative financial instruments for trading purposes.

As at 30 June 2019 and 30 June 2018, the Group's financial instruments mainly consisted of cash and bank balances, financial assets and financial liabilities.

33.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group operates and sells its products in other countries other than PRC and transacts in foreign currencies. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to United States Dollar. However, the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

33 Financial risk management objectives and policies (Cont'd)

33.1 Foreign currency risk (Cont'd)

The Company's currency exposures based on the information provided to key management is as follows:

The Company	Note	Singapore dollar RMB'000	United States dollar RMB'000	Total RMB'000
30 June 2019				
Trade and other receivables	15	**30**	**–**	**30**
Cash and bank balances	17	**497**	**7**	**504**
		527	**7**	**534**
Trade and other payables	21	**(2,459)**	**–**	**(2,459)**
Bank borrowings	22	**(5,448)**	**–**	**(5,448)**
		(7,907)	**–**	**(7,907)**
30 June 2018				
Trade and other receivables	15	17,743	–	17,743
Cash and bank balances	17	346	7	353
		18,089	7	18,096
Trade and other payables	21	(4,877)	–	(4,877)
Bank borrowings	22	(4,887)	–	(4,887)
		(9,764)	–	(9,764)
1 July 2017				
Trade and other receivables	15	16,881	–	16,881
Cash and bank balances	17	2,075	7	2,082
		18,956	7	18,963
Trade and other payables	21	(3,009)	–	(3,009)
Bank borrowings	22	(5,223)	–	(5,223)
		(8,232)	–	(8,232)

33 Financial risk management objectives and policies (Cont'd)

33.1 Foreign currency risk (Cont'd)

The Group's currency exposures based on the information provided to key management is as follows:

The Group	Note	Japanese yen RMB'000	Hong Kong dollar RMB'000	Singapore dollar RMB'000	United States dollar RMB'000	Total RMB'000
30 June 2019						
Trade and other receivables	15	**972**	**–**	**29**	**10,905**	**11,906**
Cash and bank balances	17	**–**	**3**	**502**	**8,503**	**9,008**
		972	**3**	**531**	**19,408**	**20,914**
Trade and other payables	21	**–**	**–**	**(2,459)**	**–**	**(2,459)**
Bank borrowings	22	**–**	**–**	**(5,448)**	**–**	**(5,448)**
		–	**–**	**(7,907)**	**–**	**(7,907)**
30 June 2018						
Trade and other receivables	15	78	–	6	35,538	35,622
Cash and bank balances	17	–	4	353	7,212	7,569
		78	4	359	42,750	43,191
Trade and other payables	21	–	–	(4,877)	(13,794)	(18,671)
Bank borrowings	22	–	–	(4,887)	–	(4,887)
		–	–	(9,764)	(13,794)	(23,558)
1 July 2017						
Trade and other receivables	15	76	–	29	43,410	43,515
Cash and bank balances	17	–	3	2,075	8	2,086
		76	3	2,104	43,418	45,601
Trade and other payables	21	–	–	(6,171)	(7,655)	(13,826)
Bank borrowings	22	–	–	(5,223)	–	(5,223)
		–	–	(11,394)	(7,655)	(19,049)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in foreign currencies (against RMB), with all other variables held constant, of the Company's and the Group's results net of tax and equity.

33 Financial risk management objectives and policies (Cont'd)

33.1 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

The Company	**30 June 2019** (Loss)/ profit net of tax RMB'000	**30 June 2019** Equity RMB'000	30 June 2018 (Loss)/ profit net of tax RMB'000	30 June 2018 Equity RMB'000	1 July 2017 (Loss)/ profit net of tax RMB'000	1 July 2017 Equity RMB'000
	Increase/(Decrease)		Increase/(Decrease)		Increase/(Decrease)	
Singapore dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	**(306)**	**(306)**	(345)	(345)	(445)	(445)
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	**306**	**306**	345	345	445	445
United States dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	*****	*****	*	*	*	*
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	*****	*****	*	*	*	*

* Less than RMB 1,000

The Group	**30 June 2019** (Loss)/ profit net of tax RMB'000	**30 June 2019** Equity RMB'000	30 June 2018 (Loss)/ profit net of tax RMB'000	30 June 2018 Equity RMB'000	1 July 2017 (Loss)/ profit net of tax RMB'000	1 July 2017 Equity RMB'000
	Increase/(Decrease)		Increase/(Decrease)		Increase/(Decrease)	
Japanese yen						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	**34**	**34**	–	–	(3)	(3)
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	**(34)**	**(34)**	–	–	3	3
Hong Kong dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	*****	*****	*	*	*	*
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	*****	*****	*	*	*	*
Singapore dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	**(306)**	**(306)**	390	390	386	386
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	**306**	**306**	(390)	(390)	(386)	(386)
United States dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	**728**	**728**	(1,111)	(1,111)	(1,341)	(1,341)
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	**(728)**	**(728)**	1,111	1,111	1,341	1,341

* Less than RMB 1,000

33 Financial risk management objectives and policies (Cont'd)

33.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and the Group's financial instrument will fluctuate because of the changes in market interest rates.

The Company's and the Group's exposure to interest rate risk arises primarily from cash placed with financial institutions and bank borrowings. The table below sets out the carrying amount, by maturity, of the Company's and the Group's financial instruments that are exposed to interest rate risk:

The Company	Within 1 year RMB'000	1-2 years RMB'000	2-3 years RMB'000	More than 3 years RMB'000	Total RMB'000
30 June 2019					
Floating rate					
Bank borrowings	**(370)**	**(416)**	**(416)**	**(4,246)**	**(5,448)**
Cash and bank balances	**521**	**–**	**–**	**–**	**521**
30 June 2018					
Floating rate					
Bank borrowings	(378)	(407)	(407)	(3,695)	(4,887)
Cash and bank balances	370	–	–	–	370
1 July 2017					
Floating rate					
Bank borrowings	(380)	(380)	(380)	(4,083)	(5,223)
Cash and bank balances	2,131	–	–	–	2,131

The Group	Within 1 year RMB'000	1-2 years RMB'000	2-3 years RMB'000	More than 3 years RMB'000	Total RMB'000
30 June 2019					
Floating rate					
Bank borrowings	**(3,370)**	**(416)**	**(416)**	**(4,246)**	**(8,448)**
Cash and bank balances	**12,901**	**–**	**–**	**–**	**12,901**
30 June 2018					
Floating rate					
Bank borrowings	(4,378)	(407)	(407)	(3,695)	(8,887)
Cash and bank balances	10,540	–	–	–	10,540
1 July 2017					
Floating rate					
Bank borrowings	(380)	(380)	(380)	(4,083)	(5,223)
Cash and bank balances	6,628	–	–	–	6,628

33 Financial risk management objectives and policies (Cont'd)

33.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets, including cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts are not significant.

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Group's and the Company's major classes of financial assets are cash and cash equivalents, trade and other receivables. All trade receivables of the Group are due from third parties and receivable in the PRC.

The Company's and the Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that the counterparties fail to perform their obligations as of 30 June 2019 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statements of financial position. Cash is held with reputable financial institutions.

<u>Exposure to credit risk</u>

Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

33 Financial risk management objectives and policies (Cont'd)

33.3 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

Trade receivables (Cont'd)

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2019 are set out in the provision matrix as follows:

The Group	Current	Past due Within 30 days	 31 to 60 days	 61 to 90 days	 More than 90 days	Total
	RMB'000	RMB '000	RMB '000	RMB'000	RMB'000	RMB'000
Processed food products						
Trade receivables – Gross	**10,736**	–	–	8	1,211	**11,955**
Loss allowance	–	–	–	–	–	–

The Company have evaluated the credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2019 at RMB Nil as most of the trade receivables have been settled within a short period of time (within 90 days) after its year end.

Significant concentration of credit risks

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total exposure. The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis.

Previous accounting policy for impairment of trade receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The trade receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 90 days overdue).

33 Financial risk management objectives and policies (Cont'd)

33.3 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

Trade receivables (Cont'd)

The Group	Past due Within 30 days RMB'000	Past due 30 to 60 days RMB'000	Past due 61 to 90 days RMB'000	Past due More than 90 days RMB'000	Total RMB'000
As at 30 June 2018					
Trade receivables					
Gross carrying amount					
- Not past due	–	–	–	–	19,070
- Past due but not impaired	–	–	15,708	–	15,708
- Past due and impaired	–	–	–	3,080	3,080
	–	–	15,708	3,080	37,858
Less: Allowance for impairment	–	–	–	–	–
Net carrying value	–	–	15,708	3,080	37,858
As at 1 July 2017					
Trade receivables					
Gross carrying amount					
Not past due	–	–	–	–	96,235
Past due but not impaired	–	–	–	–	–
Past due and impaired	–	–	–	–	–
	–	–	–	–	96,235
Less: Allowance for impairment	–	–	–	–	–
Net carrying value	–	–	–	–	96,235

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

33 Financial risk management objectives and policies (Cont'd)

33.3 Credit risk (Cont'd)

<u>Exposure to credit risk</u> (Cont'd)

Trade receivables (Cont'd)

These trade receivables are creditworthy counterparties with good track record of credit history. Other than as disclosed in Notes 15 to the financial statements, management believes that no additional credit risk lies in the Group's trade and other receivables.

Other receivables, amount due from subsidiaries and amount due from associate

The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for future outlook of industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-months ECL and determined that the ECL is insignificant. Other than the above, there is no credit loss allowance for other financial assets at amortised costs as at 30 June 2018 and 1 July 2017.

33.4 Liquidity risk

Liquidity or funding risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

<u>Letter of undertaking</u>

In addition to the liquidity risk table discussed in this section and as disclosed in Note 21, the Chief Executive Officer and Executive Director of the Company, Mr. Chen Qiuhai, has undertaken to the Company to repay any liabilities that could arise from the unaccountable balances of RMB 29,349,000.

33 Financial risk management objectives and policies (Cont'd)

33.4 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows over the remaining contractual maturities:

The Company	Less than 1 year RMB'000	Between 1 to 5 years RMB'000	Above 5 years RMB'000	Total RMB'000
As at 30 June 2019				
Trade and other payables	**3,974**	**–**	**–**	**3,974**
Bank borrowings	**612**	**2,448**	**3,900**	**6,960**
	4,586	**2,448**	**3,900**	**10,934**
As at 30 June 2018				
Trade and other payables	7,312	–	–	7,312
Bank borrowings	563	2,254	3,291	6,108
	7,875	2,254	3,291	13,420
As at 1 July 2017				
Trade and other payables	3,009	–	–	3,009
Bank borrowings	528	2,283	3,654	6,465
	3,537	2,283	3,654	9,474

The Group	Less than 1 year RMB'000	Between 1 to 5 years RMB'000	Above 5 years RMB'000	Total RMB'000
As at 30 June 2019				
Trade and other payables (less VAT and government tax)	**31,020**	**–**	**–**	**31,020**
Bank borrowings	**3,612**	**2,448**	**3,900**	**9,960**
	34,632	**2,448**	**3,900**	**40,980**
As at 30 June 2018				
Trade and other payables (less VAT and government tax)	66,339	–	–	66,339
Bank borrowings	4,563	2,254	3,291	10,108
	70,902	2,254	3,291	76,447
As at 1 July 2017				
Trade and other payables (less VAT and government tax)	200,233	–	–	200,233
Bank borrowings	528	2,283	3,654	6,465
	200,761	2,283	3,654	206,698

33 Financial risk management objectives and policies (Cont'd)

33.4 Liquidity risk (Cont'd)

The unutilised bank credit facilities of the Group are as follows:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Unutilised bank credit facilities	**67,000**	28,312	32,482

33.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group's exposure to price risk arose from changes in bamboo and mushroom prices. The Group did not enter into derivative or other contracts to manage the risk of a decline in bamboo and mushrooms prices. The Group reviewed its outlook of bamboo and mushroom prices regularly in considering the need for active financial risk management.

33.6 Fair value measurements

Definition of fair value

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 statement 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.

33 Financial risk management objectives and policies (Cont'd)

33.6 Fair value measurements (Cont'd)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
30 June 2019				
Non-financial assets				
Investment properties	**–**	**180,698**	**–**	**180,698**
Leasehold properties	**–**	**62,162**	**–**	**62,162**
30 June 2018				
Non-financial assets				
Investment properties	–	173,352	–	173,352
Leasehold properties	–	70,328	–	70,328
1 July 2017				
Non-financial assets				
Leasehold properties	–	25,114	–	25,114

There were no transfers into or out of fair value hierarchy levels for financial years ended 30 June 2019 and 2018.

Valuation policies and procedures

The Group's Chief Financial Officer ("CFO"), who is assisted by the financial controllers (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

33 Financial risk management objectives and policies (Cont'd)

33.6 Fair value measurements (Cont'd)

Valuation policies and procedures (Cont'd)

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO office documents and reports its analysis and results of the external valuations to the Audit Committee on a yearly basis. The Audit Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

Fair value measurement of non-financial assets

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of investment properties, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2019	Range of unobservable inputs 2018	Inter-relationship of key unobservable inputs and fair value
Investment properties					
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 300 Houyu Jingxi Town, Minhou County, Fuzhou City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**5%**	5%	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**27 RMB/ month**	27 RMB/ month	The higher the market rent, the higher the fair value of the investment property
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 2 Dongling Road, Minhou Economic and Technological Development Zone, Ganzhe Street Minhou County, Fuzhou City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**15%**	15%	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**19 RMB to 24 RMB/ month**	13 RMB to 28 RMB/ month	The higher the market rent, the higher the fair value of the investment property

33 Financial risk management objectives and policies (Cont'd)

33.6 Fair value measurements (Cont'd)

Fair value measurement of non-financial assets (Cont'd)

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2019	Range of unobservable inputs 2018	Inter-relationship of key unobservable inputs and fair value
Investment properties					
Zhangping Fengwang Agricultural Products Co., Ltd Luoan Food Industrial Park, Houfu Village, Guilin Street, Zhangping City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**15%**	15%	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**7 RMB to 15 RMB/ month**	7 RMB to 15 RMB/ month	The higher the market rent, the higher the fair value of the investment property
Nanping Yuanwang Foods Co., Ltd Warehouse and shophouse located at No. 2 Shengfeng Road, Liantang Town, Pucheng County, Nanping City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**20% to 30%**	30%	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**9 RMB/ month**	9 RMB/ month	The higher the market rent, the higher the fair value of the investment property
The Company 20 Cecil Street #06-02 GSH Plaza Singapore 049705	Market approach – Comparison Method	Transacted price of comparable properties (per sqm)	**RMB 161,875 per sqm**	NA	The estimated fair value would increase/decrease if the transacted price of comparable properties was higher/lower.

NA – Not applicable

34 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholders' value.

The Company and the Group manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company and the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2019 and 2018.

34 Capital management (Cont'd)

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 19 and 20 to the financial statements.

As disclosed in Note 19(b) to the financial statements, the subsidiaries are required by relevant laws and regulations of the PRC to contribute and to maintain a non-distributable PRC statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 30 June 2019 and 2018.

The Group monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables plus bank borrowings less cash and cash equivalents.

Total capital is calculated as equity plus net debt.

		The Company			The Group		
		30 June 2019	30 June 2018	1 July 2017	**30 June 2019**	30 June 2018	1 July 2017
	Note	**RMB'000**	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Trade and other payables	21	**3,974**	7,312	3,009	**34,835**	70,557	204,449
Bank borrowings	22	**5,448**	4,887	5,223	**8,448**	8,887	5,223
		9,422	12,199	8,232	**43,283**	79,444	209,672
Less: Cash and bank balances	17	**(521)**	(370)	(2,131)	**(12,901)**	(10,540)	(6,628)
Net debt		**8,901**	11,829	6,101	**30,382**	68,904	203,044
Equity attributable to the equity holders of the Company		**295,314**	300,531	304,868	**289,333**	292,633	227,722
Total capital		**304,215**	312,360	310,969	**319,715**	361,537	430,766
Gearing ratio		**2.9%**	3.8%	2.0%	**9.5%**	19.1%	47.1%

35 Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Financial assets		
Trade and other receivables, excluding prepayment and VAT receivables (Note 15)	**18,144**	39,655
Cash and cash equivalents (Note 17)	**12,901**	10,540
	31,045	50,195
Financial liabilities		
Trade and other payables (Note 21)	**34,835**	70,557
Borrowings (Note 22)	**8,448**	8,887
	43,283	79,444

The Company	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Financial assets		
Trade and other receivables (Note 15)	**146,595**	154,077
Cash and cash equivalents (Note 17)	**521**	370
	147,116	154,447
Financial liabilities		
Trade and other payables (Note 21)	**3,974**	7,312
Borrowings (Note 22)	**5,448**	4,887
	9,422	12,199

36 Restatement of the consolidated statement of profit or loss and other comprehensive income

During the current financial year, the Group has reclassified the presentation of the analysis of expenses recognised in profit or loss using a classification based on their function instead of a mixture of by function and by nature in the financial year ended 30 June 2018 which management believe will provide information that is reliable and that is more relevant. In addition, the management has identified during the current financial year ended 30 June 2019 that the rental income from investment properties is an operating business segment. Accordingly, information on revenue from the rental income from investment properties in the prior year has been restated in the current financial year for comparability purposes (Note 32).

36 Restatement of the consolidated statement of profit or loss and other comprehensive income (Cont'd)

The effect of the above reclassification of presentation of expenses and restatement of revenue from the rental income from investment properties identified as an operating business segment is shown below:

	Year ended 30 June 2018 As previously stated RMB'000	Year ended 30 June 2018 As restated RMB'000
Revenue from rental income from investment properties	**–**	2,792
Other operating income	**5,218**	74,163
Other operating expenses	**(484)**	(4,283)
Fair value gain on investment properties	**66,815**	–
Refund from termination of unexpired prepaid leases of eucalyptus plantations	**4,390**	–
Reversal of impairment on leasehold property	**532**	–
Investment properties written-off	**(2,124)**	–
Unaccountable expenses	**(1,675)**	–

The reclassification is summarised as follows:

	Year ended 30 June 2018 RMB'000
Fair value gain on investment properties	66,815
Reversal of impairment on leasehold property	532
Refund from termination of unexpired prepaid leases of eucalyptus plantations	4,390
Others	2,426
Total other operating income	74,163
Investment properties written-off	(2,124)
Unaccountable expenses	(1,675)
Others	(484)
Total other operating expenses	(4,283)

37 Subsequent events

(a) Receipt of full penalty payment

On 29 July 2019, the Group announced that the Vendor of Fujian Tianwang Foods Co., Ltd ("Tianwang") is obliged to pay Fujian Wangsheng Industrial Co., Ltd ("Wangsheng") a 10% penalty based on RMB 50 million within the first three years of the date of the Proposed Acquisition. Based on the audited financial statements of Tianwang for the financial years ended 31 December 2016, 2017 and 2018, the total earnings amounted to approximately RMB 7.5 million. Accordingly, the Vendor shall pay the penalty of RMB 5 million to Wangsheng.

On 2 September 2019, the Group has received the full sum of RMB 5 million from the Vendor.

(b) Clarification and revised agreement for proposed disposal of 45% of the registered capital of Fujian Tianwang Food Co., Ltd (the "Proposed disposal")

Subsequent to the reporting year end date, the Company has announced to clarify that the English name of the Purchaser (金海国际控股有限公司) is Golden Sea International Holdings Limited instead of Jinhai International Holdings Limited, and that the Group has entered into a revised sale and purchase agreement with the Purchaser on 4 September 2019. The Purchaser agrees to purchase and Wangsheng agrees to sell 45% of the registered capital of Tianwang as follows:

(i) The Purchaser shall pay its wholly-owned subsidiary, Fujian Wangsheng ("Wangsheng"), at least RMB13,311,000 within 1 year from the date the Company obtains shareholders' approval for the Disposal (the "Effective Date");

(ii) The Purchaser shall pay Wangsheng the Consideration within 3 years from the Effective Date (the "Due Date");

(iii) If the Purchaser is unable to pay Wangsheng the Consideration of RMB 39,933,000 by the Due Date, the Purchaser shall be allowed an extension for a further 1 year from the Due Date;

(iv) Notwithstanding the above extension, the Purchaser shall pay Wangsheng at least RMB31,059,000 by the Due Date;

(v) The Purchaser may pay the Consideration in full at any time before the Due Date; and

(vi) At the end of each physical year from the Effective Date, Wangsheng shall transfer such amount of equity interest in the registered capital of Tianwang to the Purchaser corresponding to the amount of consideration paid by the Purchaser during that year.

SHAREHOLDING INFORMATION

Total Number. of Shares	:	176,798,164
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share (excluding treasury shares)
Treasury shares	:	Nil

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 99	11	0.91	620	0.00
100 – 1,000	179	14.77	86,682	0.05
1,001 – 10,000	641	52.89	3,034,740	1.72
10,001 - 1,000,000	369	30.44	18,415,465	10.41
1,000,001 and above	12	0.99	155,260,657	87.82
GRAND TOTAL	1,212	100.00	176,798,164	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

		DIRECT INTEREST		DEEMED INTEREST	
	NAME	NO. OF SHARES	%	NO. OF SHARES	%
1.	Sanwang International Holdings Limited(1)	–	–	62,931,015	35.59
2.	Chen Qiuhai(1)	–	–	62,931,015	35.59
3.	Hydrex International Pte. Ltd.	12,600,000	7.13	–	–
4.	Goi Seng Hui(2)	21,626,661	12.23	12,600,000	7.13
5.	Envictus International Holdings Limited	18,535,320	10.48	–	–

The percentage of shareholding above is computed based on the total number of issued shares of 176,798,164 excluding treasury shares.

Notes:

(1) Sanwang International Holdings Limited ("Sanwang") is a company incorporated in British Virgin Island and wholly-owned by Mr Chen Qiuhai. Accordingly, Mr Chen Qiuhai is deemed to be interests in 62,931,015 ordinary shares held by Sanwang by virtue of Section 4 of the Securities and Future Act. Sanwang is deemed to be interested in 62,931,015 ordinary shares held under the nominee account, UOB Kay Hian Private Limited.

(2) Mr Goi Seng Hui is deemed to be interested in 12,600,000 ordinary shares held by Hydrex International Pte. Ltd..

STATISTICS OF SHAREHOLDINGS

As at 18 September 2019

TWENTY LARGEST SHAREHOLDERS

NO	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1.	UOB KAY HIAN PRIVATE LIMITED	66,399,015	37.56
2.	GOI SENG HUI	21,626,661	12.23
3.	ENVICTUS INTERNATIONAL HOLDINGS LIMITED	18,535,320	10.48
4.	RHB SECURITIES SINGAPORE PTE. LTD.	14,644,013	8.28
5.	HYDREX INTERNATIONAL PTE LTD	12,600,000	7.13
6.	CHEW GHIM BOK	5,922,600	3.35
7.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,313,068	1.87
8.	CHIA KEE KOON	2,738,600	1.55
9.	OCBC SECURITIES PRIVATE LIMITED	2,600,580	1.47
10.	CITIBANK NIMINEES SINGAPORE PTE LTD	2,540,500	1.44
11.	PHILLIP SECURITIES PTE LTD	2,257,800	1.28
12.	LIM & TAN SECURITIES PTE LTD	2,082,500	1.18
13.	DBS NOMINEES (PRIVATE) LIMITED	832,600	0.47
14.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	642,800	0.36
15.	WONG YIN MUI	465,000	0.26
16.	MAYBANK KIM ENG SECURITIES PTE. LTD.	456,000	0.26
17.	LEE SUI HEE	450,000	0.25
18.	LEE WEE KIAT	426,000	0.24
19.	KGI SECURITIES (SINGAPORE) PTE. LTD.	370,800	0.21
20.	YUEN CHEE KHUEN	347,000	0.20
	TOTAL	159,250,857	90.07

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

As at 18 September 2019, 34.56% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of YAMADA GREEN RESOURCES LIMITED (the "Company") will be held at the Diamond Room, Level 3, Quality Hotel Marlow, 201 Balestier Road, Singapore 329926 on Wednesday, 30 October 2019 at 9:15 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and of the Group for the financial year ended 30 June 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company who retire pursuant to Regulation 91 of the Constitution of the Company:

   Mr Chen Qiuhai **(Resolution 2)**
   Mr Chang Feng-chang **(Resolution 3)**

   [See Explanatory Note (i)]

3. To re-elect the following Directors of the Company who retire pursuant to Regulation 97 of the Constitution of the Company:

   Mr Xie Yimin **(Resolution 4)**
   Ms Goi Lang Ling **(Resolution 5)**

   [See Explanatory Note (ii)]

4. To approve the payment of Directors' fee of S$165,000 for the financial year ended 30 June 2020, to be paid half yearly in arrears. [2019: S$135,000]. **(Resolution 6)**

5. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolution, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "Share Issue Mandate")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuance to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)] **(Resolution 8)**

8. **Authority to issue shares under the Yamada Green Resources Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share options under the Yamada Green Resources Share Option Scheme (the "Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of share options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued and/or issuable pursuant to the Scheme and all shares awarded under the Yamada Green Resources Performance Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 9)**

9. **Authority to issue shares under the Yamada Green Resources Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share awards under the Yamada Green Resources Performance Share Plan (the "Plan") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and ordinary shares to be issued and/or issuable in respect of all share options granted under the Yamada Green Resources Share Option Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)] **(Resolution 10)**

By Order of the Board

Mr Wong Chee Meng Lawrence
Company Secretary
Singapore, 15 October 2019

Explanatory Notes:

i. Mr. Chen Qiuhai will, upon re-election as a Director of the Company, remain as Chief Executive Officer and Executive Director of the Company.

Mr Chang Feng-chang will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Chairman of the Company, the Chairman of Audit Committee and a member of the Remuneration Committee and Nominating Committee respectively and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

ii. Mr Xie Yimin. will, upon re-election as a Director of the Company, remain as Executive Director of the Company.

Ms Goi Lang Ling will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Remuneration Committee and Nominating Committee respectively and will be considered non-independent.

iii. Resolution 8, if passed, will empower the Directors of the Company from the date of this Annual General Meeting ("AGM") until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

iv. Resolution 9 above, if passed, will authorise and empower the Directors of the Company from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the capital of the Company pursuant to the exercise of share options granted under the Yamada Green Resources Share Option Scheme ("Scheme") provided that the aggregate number of additional shares to be issued and/or issuable pursuant to the Scheme and all shares awarded under the Yamada Green Resources Performance Share Plan ("Plan") do not exceed in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

v. Resolution 10 above, if passed, will authorise and empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the capital of the Company pursuant to the vesting of share awards under the Plan provided that the aggregate number of additional shares to be issued pursuant to the Plan and ordinary shares to be issued and/or issuable in respect of all share options granted under the Scheme do not exceed in total (for the entire duration of the Plan) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote on his/her stead.

2. Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.

3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointment shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

6. The instrument appointing a proxy must be signed by the appointer or his/her attorney duly authorised in writing or, if the appointer is a body corporate, signed by an attorney duly authorised, or by an officer on behalf of the corporation, or the common seal must be affixed thereto.

7. The instrument appointing a proxy or proxies together with the letter or power of attorney, if any, under which it is signed or a duly certified copy thereof must be deposited at the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower Singapore 049712, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

Personal Data Privacy

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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YAMADA GREEN RESOURCES LIMITED
(Company Registration No. 201002962E)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of **YAMADA GREEN RESOURCES LIMITED** (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Diamond Room, Level 3, Quality Hotel Marlow, 201 Balestier Road, Singapore 329926 on Wednesday, 30 October 2019 at 9:15 a.m. and at any adjournment thereof.

* I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific directions as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Resolutions relating to:	Number of votes	
	Ordinary Business	For**	Against**
1	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2019 together with the Auditors' Report thereon.		
2	To re-elect Mr Chen Qiuhai, a Director retiring under Regulation 91 of the Constitution of the Company.		
3	To re-elect Mr Chang Feng-chang, a Director retiring under Regulation 91 of the Constitution of the Company.		
4	To re-elect Mr Xie Yimin, a Director retiring under Regulation 97 of the Constitution of the Company.		
5	To re-elect Ms Goi Lang Ling, a Director retiring under Regulation 97 of the Constitution of the Company.		
6	To approve the payment of Directors' fee of S$165,000 for the financial year ending 30 June 2020, to be paid half yearly in arrears.		
7	To re-appoint Messrs Foo Kon Tan LLP as the Auditors and to authorise the Directors of the Company to fix their remuneration.		
	Special Business		
8	Authority for Directors to allot and issue shares		
9	Authority to issue shares under the Yamada Green Resources Share Option Scheme		
10	Authority to issue shares under the Yamada Green Resources Performance Share Plan		

*** If you wish to exercise all your votes "For" or "Against", please indicatewith a "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ________________ 2019.

Total number of shares in	No. of shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/
and Common Seal of Corporate Member(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member, other than a Relevant Intermediary appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the members. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower Singapore 049712 not less than 48 hours before the time appointed for the holding of the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investors**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

"A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By submitting an instrument appointing a proxi(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 October 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

YAMADA GREEN RESOURCES LIMITED
Company Registration No. 201002962E

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