



Navigating the New Norm

ANNUAL REPORT 2023

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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”).

Yamada is serving a long-established customer base from Japan. Currently, Yamada’s food processing operations, which adheres to stringent safety standards and requirements, are carried out at its main factory.

Yamada has also made considerable investments into office and logistics properties in PRC and Singapore, rental from these properties has become a new source of income for the Group.



GROUP STRUCTURE





CHEN QIUHAI

*Chief Executive Officer
and Executive Director*

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the “Board”) of Yamada Green Resources Limited (“Yamada” or the “Group”), I present Yamada’s set of results for the financial year ended 30 June 2023 (“FY2023”).

Year in Review

As countries around the world have increasingly made moves in adapting to endemic living with COVID-19, economies have been seeing a gradual albeit slow and uneven recovery with the easing of restrictions and resumption of business activities.

One of our key markets, the People’s Republic of China (“PRC”), experienced a shallower-than-expected economic from strict Covid-19 lockdowns that have impacted the first six months of the financial year.

For FY2023, group revenue for the food processing business segment totalled RMB35.9 million as compared to the RMB56.5 million achieved in the prior financial year ended 30 June 2022 (“FY2022”), representing a decrease of 36.5% or RMB20.6 million. The fall in revenue was mainly due to decline in sales in both domestic and overseas markets. The decrease in sales in the domestic market was largely from the impact of the COVID-19 pandemic in the first half of the financial period; while the significant weakening of the Japanese Yen against the USD had led to a decline in demand, and in turn, the decrease in sales to overseas markets. Additionally, the Group had discontinued certain loss-making products, which had also contributed to the decrease in revenue.

CEO'S STATEMENT

Along with the decrease in revenue, gross profit slipped 61.9% from RMB5.8 million in FY2022 to RMB2.2 million in FY2023. Accordingly, the gross profit margin in FY2023 also contracted to 6.2% on the back of higher cost of raw materials and cost of energy as a result of switching to the use of natural gas when there was a restriction on the use of biomass fuel by the local authorities in the second quarter.

In our investment properties segment, the revenue generated increased by RMB1.9 million to RMB11.0 million in FY2023, representing an increase of 21.1% up from the RMB9.1 million in FY2022, mainly due to higher rental rate. This is due mainly to the Group's active improvement to the environment and facilities of its rented properties.

Outlook and Strategy

As a result of the ongoing geopolitical tensions and uncertain economic environment, the Group continues to face challenges from the global rising costs and continuing inflationary pressures, which in turn places downward pressure on our operations. Ongoing global supply disruptions are likely to persist well into the next financial year, while geopolitical tensions among major global powers are expected to worsen supply chain disruptions, dampening consumer and business confidence, driving down international demand.

Despite our products being consumer staples, the food industry and the Group's operating environment remains volatile and challenging due to uncertainties over PRC's economic condition and weakening demand in the international markets. The Group is expected to face ongoing challenges with low growth rate, intense competition and rising costs which will significantly impact our processed food products business. To maintain overall profitability and to enhance the competitiveness and resistance against market risk, the management will constantly conduct product line reviews to streamline loss-making or extremely low gross margin products.

Earlier in July this year, China's top leaders have pledged to adjust and optimise policies for its struggling property sector, and also to actively expand domestic demand and consumption by raising income levels, all while targeting to bolster growth. This will be encouraging for business in the year ahead.

The management will continue to promote and innovate with regards to its investment properties business, with the objective to increase the occupancy rate and rental yield so as to strengthen the competencies and improve the overall performance of the Group. We will also explore new business opportunities and potential acquisitions of new businesses that are accreditive to the Group in the long term.

I would like to take this opportunity to thank all shareholders and stakeholders for your faith and support to the Group through the years. We seek your continued confidence and trust in us as we navigate through the new norm and build upon our foundation for further growth.

CHEN QIUHAI

*Chief Executive Officer
and Executive Director*

尊敬的各位股东，

本人谨代表山田绿色资源有限公司(以下简称“集团”)董事会，向各位汇报集团截至2023年6月30日财政年度(“2023财年”)的业绩及发展概况。

业务回顾

随着世界各国放宽各种限制措施及采取对策适应新冠肺炎疫情对生活的影响，商业活动逐渐回归正常，世界经济也在缓慢的复苏当中。

在本财政年度的上半年，由于中国政府采取了严格的封锁措施控制新冠肺炎疫情，导致集团的生产和销售活动都受到不同程度的影响。此外，中国的经济复苏低于预期也间接影响国内市场的销售。

在2023财年，集团的食物加工业务的收入总额为3590万元人民币，比上一财年下降了36.5%，即2060万元人民币。收入下降主要是由于国内和海外市场的销售额同时下降。国内市场销售额的下降主要是受到新冠肺炎疫情的影响；而日元兑美元的大幅走弱导致海外市场的需求下降，进而导致海外销售额下跌。此外，集团停止生产某些亏损产品的策略也导致了销售收入的下降。

随着收入的下降，集团的毛利润从2022财年的580万元人民币下滑了61.9%，至2023财年的220万元人民币。同时，2023财年的毛利率也收缩至6.2%，主要原因是笋原材料的价格上涨与能源成本上升。在2023财年的第二季度，地方政府限制企业使用生物质燃料进行生产活动，因此集团只能改用价格相对高昂的天然气。

相比食品加工业务收入的下降，集团的租赁业务在2023财年的收入增加了190万元人民币至1100万元人民币，较上一财年的910万元人民币，增长约21.1%。租赁业务的增长得益于租金的上涨。这是集团加强租赁市场的开发，以及提升物业整体的服务水平的结果。

未来展望

由于持续的地缘政治紧张局势和不确定的经济环境，集团继续面临成本上升和持续通胀压力的挑战，这反过来又给集团的运营带来了下行压力。此外，全球主要大国之间的地缘政治紧张局势预计将加剧供应链中断，进一步打击消费者和企业信心，同时降低海外市场的需求。

尽管集团的产品属于消费品，但由于中国经济状况的不确定性和国际市场需求疲软，食品行业和集团的经营环境仍然不稳定和充满挑战。本集团预计将持续面临低增长率、激烈竞争和成本上升的挑战，这将严重影响我们的加工食品业务。为了保持集团的盈利能力，增强竞争力和抵御市场风险的能力，管理层也将不断进行产品线审查，以精简亏损或毛利率极低的产品。

7月初，中国最高领导人承诺调整和优化陷入困境的房地产行业的政策，并通过提高收入水平积极扩大内需和消费，同时致力于促进经济增长。这对于企业而言是一项利好的消息。

管理层将继续促进和创新其租赁业务，以提高出租率和租金收益率，这将会加强集团的竞争力并提高整体业绩。我们也将探索新的商业机会，以及对集团长远发展有利的新业务的收购活动。

我想借此机会感谢所有股东和商业伙伴对集团的信任和支持。我们寻求您对我们的持续信心和信任，让我们在新的规范中前行，在增长的基础上再创佳绩。

陈秋海
首席执行官、执行董事

OPERATIONS REVIEW

Revenue

For the financial year ended 30 June 2023 ("FY2023"), Group revenue decreased by approximately RMB20.6 million or 36.5% to RMB35.9 million compared to the RMB56.5 million recorded in FY2022. The decrease was mainly due to the decline in sales in both domestic and overseas markets. For the domestic market, the fall in sales could be attributed largely to the impact of COVID-19 pandemic in the first half of the year. While the decrease in overseas sales was primarily caused by a drop in demand resulting from significant weakening of the Japanese Yen against the USD. The Group has also discontinued the sales of certain loss-making products, contributing to the fall in revenue.

Conversely, revenue income from the investment properties segment increased by RMB1.9 million to RMB11.0 million in FY2023, representing an increase of 21.1% from the RMB9.1 million in FY2022.

Gross Profit

In line with the fall in revenue, gross profit for FY2023 decreased by RMB3.6 million to RMB2.2 million from RMB5.8 million in FY2022. Gross profit margin decreased from 10.3% in FY2022 to 6.2% in FY2023. The decrease in gross profit margin was mainly due to higher cost of raw material and cost of energy as a result of switching to the use of natural gas when there was a restriction on the use of biomass fuel by local authorities in Q2FY2023.

Other Operating Income

Other operating income increased by RMB7.9 million to RMB9.2 million in FY2023. The increase was mainly due to the gain of RMB3.8 million arising from the Compulsory Acquisition, reversal of over-accrual of social insurances amounting to RMB3.6 million and foreign currency exchange gain of RMB0.9 million. Other operating income also comprised of interest income and other miscellaneous income.

Other Operating Expenses

Other operating expenses decreased from RMB1.2 million in FY2022 to RMB1.0 million in FY2023 due mainly to the absence of foreign currency exchange loss that was recorded in FY2022.

Finance Costs

For the financial year in review, finance costs increased marginally from RMB0.1 million to RMB0.2 million.

For FY2023, the Group achieved a profit after tax of RMB5.6 million, representing an increase of RMB3.0 million, from the RMB2.6 million achieved in FY2022.

Financial Position

The Group's non-current assets as at 30 June 2023 stood at RMB297.4 million, an increase of RMB3.3 million or 1.1% as compared to RMB294.1 million as at 30 June 2022. The increase was mainly due to capital expenditure incurred for renovations and improvements of investment properties in Fuzhou, and partially offset by the loss from changes in fair value of investment properties and depreciation of property, plant and equipment.



Current assets decreased by RMB1.5 million from the RMB43.0 million recorded as at 30 June 2022 to RMB41.5 million as at 30 June 2023. This primarily arose from a lower inventories balance and trade and other receivables which was partially offset by the increase in cash and bank balances. The decrease in inventories and trade and other receivables was in line with the fall in revenue.

Non-current liabilities increased from RMB35.0 million as at 30 June 2022 to RMB36.4 million as at 30 June 2023, an increase of RMB1.4 million or 4.0%. This was mainly due to increase in deferred tax liabilities as a result of revaluation gain of the leasehold buildings and land use rights.

Current liabilities decreased by RMB7.9 million or 44.0% to RMB10.1 million as at 30 June 2023 from RMB18.0 million as at 30 June 2022, largely due to lower trade and other payables which was offset by an increase in tax payables.

Statement of Cash Flows

For the financial year under review, the Group's operating cash flow before working capital changes remained unchanged at RMB3.4 million. After taking into account working capital changes of RMB6.5 million, interest received and income tax paid, net cash generated from operating activities was RMB9.5 million.

The Group's net cash generated from investing activities of RMB0.8 million in FY2023 was primarily due to proceeds from the Compulsory Acquisition and disposal of property, plant and equipment which was partially offset by the capital expenditures incurred for renovations and improvements of investment properties in Fuzhou and compensation paid to tenants arising from the Compulsory Acquisition.

Net cash outflow in financing activities of RMB0.6 million in FY2023 was mainly due to repayment of bank borrowing and interest.

As at 30 June 2023, the Group's cash and cash equivalents stood at RMB28.0 million as compared to RMB17.8 million in FY2022.



BOARD OF DIRECTORS



CHEN QIUHAI (陈秋海)
Executive Director and Chief Executive Officer

Mr. Chen Qiu Hai 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 also a member of the Nominating Committee. 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 several recognition for his contributions to Wangsheng. 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, Nanping Yuanwang Foods Co., Ltd., and Feng Zhi Qiu International Holding Company Limited.



LIU YI (刘毅)
Independent Non-Executive Chairman

Mr. Liu was re-designated as Independent Non-Executive Chairman of the Board on 28 August 2021. He was appointed as Independent Director on 1 April 2021. He is the Chairman of Remuneration Committee, and a member of Nominating and Audit Committee.

Mr. Liu is currently the director of DMC Consulting Pte Ltd, and MRI Moores Rowland LLP. He joined both companies in 2016, the Company specializes in providing corporate services, accounting, tax, consulting as well as audit services. He is also the independent director of JES International Holdings Limited. From 2011 to 2016, Mr. Liu was Financial Controller in China Taisan Technology Group Holdings Ltd, listed on the Mainboard of the SGX-ST. Prior to this, he worked in Mazars LLP as an Audit Senior from 2006 to 2011. His previous appointments also include independent director of 8 Telcom International Holdings Co., Ltd. Mr. Liu graduated from the ACCA in 2006. He obtained a degree in applied accounting from Oxford Brookes University. He is a member of Chartered Accountants of Singapore.



TAN KAH GHEE (陈家义)

Lead Independent Director

Mr. Tan was appointed as an Independent Director of the Group on 1 January 2021. He was the Chairman of the Remuneration Committee, and a member of Audit Committee and Nominating Committee. On 1 April 2021, he was redesignated as the Lead Independent Director and assumed the role of Chairman of the Audit Committee, and a member of the Nominating and Remuneration Committee. On 28 August 2021, he further took on the role of Chairman of the Nominating Committee.

Mr. Tan held the position of Chief Financial Officer at Keong Hong Holdings Limited, a SGX-ST Mainboard listed company, from October 2012 to November 2021. He was responsible for overseeing all financial, accounting, legal and corporate secretarial matters of the company. Prior to this, Mr. Tan was the Group Financial Controller at mainboard listed Asia Enterprises Holding Limited from 2009 to 2012, where he was responsible for financial, accounting and corporate secretarial matters. His previous appointments also include Executive Director of Keong Hong Holdings Limited, Executive Director of Strategic Capital Partners Pte Ltd where he specialised in financial and corporate advisory services, Associate Director of APS Services Pte Ltd, Finance and Business Development Director of Shunji Matsuo Pte Ltd, Business Development Director of Virgin (Asia) Management Limited and Chief Financial Officer and Executive Director of Form Holdings Limited.

In 2016, Mr. Tan was named Best CFO for listed companies with less than S\$300 million in market capitalisation at the Singapore Corporate Awards in recognition of his financial leadership. Mr. Tan is a fellow member of the Institute of Singapore of Chartered Accountants. He holds a Bachelor of Accountancy from the National University of Singapore and obtained a Master of Business Administration from the Nanyang Technological University of Singapore.

Mr. Tan is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.



CHANG FENG-CHANG (张峰璋)

Non-Executive Director

Mr. Chang Feng-chang was re-designated as Non-Executive Director on 28 August 2021. On 23 April 2019, he was re-designated as Independent Non-Executive Chairman of the Board. He is also the member of the Audit Committee. 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. 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.

BOARD OF DIRECTORS



GOI LANG LING (魏兰玲)

Non-Executive Director

Ms. Goi Lang Ling, Laureen, was appointed on 23 April 2019 as our Non-Executive Director. She is a member of the Remuneration Committee.

She has 25 years of experience primarily in companies involved in the food and manufacturing industries. She is currently the Director and General Manager at Tee Yih Jia Food Manufacturing Pte. Ltd. (TYJ), the global frozen foods manufacturer with world-famous spring roll pastry and roti paratha.

Ms. Goi holds a Master in Business and Technology from the University of New South Wales, Australia. She is a director of a number of subsidiaries and associated companies of TYJ. She is also an Independent, Non-Executive Director and a member of the Remuneration Committee, Audit & Risk Committee of Yeo Hiap Seng Limited (YHS). She has been appointed by Enterprise Singapore (ESG) as committee member of Food Standards Committee (FSC).



CHEN YING (陈颖)

Executive Director

Ms. Chen Ying is our Executive Director and was appointed on 14 May 2021. She has joined Wangsheng as a Deputy General Manager since 2012 and is responsible for assisting CEO in developing and implementing the overall business strategy and overseeing the operations and management of the subsidiaries. Prior to joining Wangsheng, she was a HR Manager in Yiyoujia Pharmaceutical Chain Co., Ltd. from 2011 to 2012, mainly responsible for overseeing the operation of the HR department of the company. From 2005 to 2011, she worked in Fujian Xianglong Shoes Co., Ltd. as a HR manager. She graduated from Tianjing University, China.

KEY MANAGEMENT PERSONNEL

Leyng Thai Weng (梁泰荣) was appointed as our Chief Financial Officer on 1 June 2023 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. He has more than 10 years of experience in finance and accounting. Prior to joining, he was the Director (Consultancy) of KBS Capital Partner (S) Pte. Ltd. From 2013 to 2018, he was the Financial Controller of China Bearing (Singapore) Ltd., a company listed on the SGX-ST. He holds a Bachelor of Accounting from the University of Malaya and obtained a Master of Business Administration from the Murdoch University, Australia. He is also a Chartered Accountant of the Malaysia Institute of Accountants.

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. From March 2016 to April 2018, he was seconded to Fujian Tianwang Food Co., Ltd., the then associated company of our Group which was fully divested in June 2021, to 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 Personnel Bureau in 1992.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Liu Yi

(Independent Non-Executive Chairman)

Chen Qiu Hai

*(Executive Director
and Chief Executive Officer)*

Chen Ying

(Executive Director)

Tan Kah Ghee

(Lead Independent Director)

Chang Feng-chang

(Non-Executive Director)

Goi Lang Ling

(Non-Executive Director)

AUDIT COMMITTEE

Tan Kah Ghee *(Chairman)*

Chang Feng-chang

Liu Yi

NOMINATING COMMITTEE

Tan Kah Ghee *(Chairman)*

Liu Yi

Chen Qiu Hai

REMUNERATION COMMITTEE

Liu Yi *(Chairman)*

Goi Lang Ling

Tan Kah Ghee

REGISTERED OFFICE

7 Temasek Boulevard
#32-01 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

In.Corp Corporate Services Pte. Ltd.

30 Cecil Street
#19-08, Prudential Tower
Singapore 049712

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited

China Construction Bank, Fujian Branch

Industrial Bank Co., Ltd.

Xiamen International Bank

China Everbright Bank Co., Ltd.

China CITIC Bank

Commercial Bank of China

Hong Leong Finance Limited

SOLICITOR

Bird & Bird ATMD LLP

2 Shenton Way #18-01 SGX Centre 1
Singapore 068804

INDEPENDENT AUDITOR

Foo Kon Tan LLP

Public Accountants and Chartered Accountants
1 Raffles Place
#04-61/62 One Raffles Place Tower 2
Singapore 048616

PARTNER-IN-CHARGE

Teo Soo Chuen

*(With effect from the financial year
ended 30 June 2023)*

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STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the “**Board**” or the “**Directors**”) and the management (the “**Management**”) 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 2018 (the “**Code**”). Unless otherwise stated, these practices were in place throughout the financial year ended 30 June 2023 (“**FY2023**”).

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1

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. The Board also sets the tone for the Company in respect of code of conducts, ethics, values and desired organisational culture and also ensures proper accountability within the Group. In addition, the Board is directly responsible for decision making in respect of the following matters:

- a. providing entrepreneurial leadership and sets the overall strategy and direction of the Group;
- b. approve the business strategies including significant acquisition and realisation of subsidiaries or assets and liabilities;
- c. approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
- d. approve the Group’s quarterly and full year financial results;
- e. 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**”);
- f. 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**”);
- g. review and endorse the framework of remuneration for the Board and key management personnel, as may be recommended by the Remuneration Committee (“**RC**”);
- h. review and endorse corporate policies in keeping with good corporate governance and business practice;
- i. declaration of interim dividend and proposal of final dividend;
- j. review and approve interested party transactions and matters involving conflict of interest for substantial shareholders or Directors;
- k. consider sustainability issues such as environmental factors; and
- l. all other matters of material importance.

STATEMENT OF CORPORATE GOVERNANCE

Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare and setting out the details of his/her interest and conflict at the Board meeting and recuse himself/herself from any discussions on the matter and abstain from participating in any Board decision.

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.

Provision 1.2

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.

Upon appointment, the Company will arrange for the new Director who has had no prior experience as a director of a listed company to attend training conducted by Singapore Institute of Directors in accordance to Rule 201(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), at the expense of the Company, to enable him/her to discharge his/her duties effectively. Appropriate briefing and orientation will also be arranged for newly appointed Directors to familiarise them with the Group's business operation, strategic directions, director's duties and responsibilities, the corporate governance practices, 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. They will also be given opportunities to visit the Group's operation facilities in the People's Republic of China and meet the Management so as to gain a better understanding of the Group's business.

Directors are also updated regularly on key regulatory and accounting changes at quarterly meetings. 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. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during the Board 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. All the costs are borne by the Company. All Directors have also attended sustainability training in compliance with enhanced SGX sustainability reporting rules.

Provision 1.3

The Board has adopted a set of internal guidelines setting forth matters that requires the Board's approval and clearly communicates this to Management in writing.

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.

Matters requiring board approval include the followings:

- (1) approval of corporate plans and budgets;
- (2) major investments/divestments and funding decisions;
- (3) declaration of dividends or other returns to shareholders;
- (4) announcements or press releases on SGXNet, including financial result announcements;
- (5) transactions which are not in the ordinary course of business of the Company;

STATEMENT OF CORPORATE GOVERNANCE

- (6) major borrowings or corporate guarantees in relation to borrowings;
- (7) new banking facilities and corporate guarantees;
- (8) profit-sharing arrangements;
- (9) incorporation or dissolution of any subsidiary;
- (10) allotment and issuance of shares or declaration of dividends;
- (11) operating budgets, annual report, Directors' statement and audited financial statements;
- (12) change in corporate business strategy and direction; and
- (13) material acquisitions and disposal of assets.

Provision 1.4

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 (as detailed under Provisions 4.1, 6.1 and 10.1 of this report) 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. The composition and description of each Board Committee are also set out in other sections of this report.

Provision 1.5

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. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The number of meetings held by the Board and Board Committees and attendance of Directors at the meetings for FY2023 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 Liu Yi	4	4	4	4	1	1	1	1
Mr Chen Qiu hai	4	4	4	4 ⁽¹⁾	1	1	1	1 ⁽¹⁾
Ms Chen Ying	4	4	4	4 ⁽¹⁾	1	1 ⁽¹⁾	1	1 ⁽¹⁾
Mr Tan Kah Ghee	4	4	4	4	1	1	1	1
Mr Chang Feng-chang	4	4	4	4	1	1 ⁽¹⁾	1	1 ⁽¹⁾
Ms Goi Lang Ling	4	4	4	4 ⁽¹⁾	1	1 ⁽¹⁾	1	1

- (1) Attendance at meetings that were held on a "By Invitation" basis

STATEMENT OF CORPORATE GOVERNANCE

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.

Provision 1.6

Management provides Directors with complete, adequate and timely information prior to the Board and Board Committee meetings and regularly updates and familiarises the Directors on the business activities of the Group on an on-going basis and during Board meetings, to enable the Directors to make informed decisions and discharge their duties and responsibilities. Directors will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business.

Provision 1.7

All Directors have separate and independent access to the Management and the Company Secretary, who is responsible for ensuring the Board procedures are followed and that applicable rules and regulations are complied with and when necessary, external advisers at the Company's expense. The Company Secretary and/or his representatives attend all the Board and Board Committees meetings. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company

As at the date of this report, the Board comprises of two (2) Executive Directors, two (2) Non-Executive Directors 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 composition of the Board and the Board Committees are as follows:

Name of Director	Designation	Board Committee Membership		
		AC	NC	RC
Mr Liu Yi	Independent Non-Executive Chairman (the "Chairman")	Member	Member	Chairman
Mr Chen Qiu hai	Executive Director and Chief Executive Officer (the "CEO")	–	Member	–
Ms Chen Ying	Executive Director	–	–	–
Mr Tan Kah Ghee	Lead Independent Director	Chairman	Chairman	Member
Mr Chang Feng-chang	Non-Independent Non-Executive Director	Member	–	–
Ms Goi Lang Ling	Non-Independent Non-Executive Director	–	–	Member

The profiles of the Directors are set out on pages 8 and 10 of this Annual Report.

Provision 2.1

The criterion for independence is based on the definition set out in the Code, and taking into consideration whether the Directors falls under any circumstances pursuant to Rule 210(5) of the Mainboard Rules. The Board considers an "independent" Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. The NC conducts an annual review to determine the independence of the Directors in accordance to the Code as well as the Mainboard Rules. In its review, the NC considers all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its findings and recommendations to the Board for approval.

STATEMENT OF CORPORATE GOVERNANCE

The appointment period of each director should also be taken into consideration in determining his independence pursuant to Provision 2.1 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 Independent 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 Liu Yi and Mr Tan Kah Ghee are independent pursuant to the definition of independence of the Code as there are no relationships or circumstances which could interfere or could reasonably be perceived to interfere with the exercise of independent business judgement of an Independent Director.

Both Mr Liu Yi and Mr Tan Kah Ghee have abstained from the NC's and Board's deliberation on the matter pertaining to their respective independence.

Provision 2.2

There is a strong and independent element on the Board as the Independent Directors and Non-Executive Directors make up a majority of the Board. The Chairman and the Lead Independent Director are independent.

Provision 2.3

The Independent Directors and Non-Executive Directors make up a majority of the Board.

Provision 2.4

The size and composition of the Board and the Board Committees are reviewed annually by the NC to ensure that the size and composition of the Board and the Board Committees are conducive to effective discussions and decision-making, and to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective to issues that are brought before the Board.

The NC is satisfied that taking into account the nature and scope of the Group's operations, the current size and the composition of the Board and the Board Committees, are appropriate to meet the Company's objectives and facilitates effective decision making.

The Independent Directors and Non-Executive Directors have the necessary experience and expertise to assist the Board in decision making and provide greater balance to the Board as they do not participate in the day-to-day running of the Group. The Independent Directors and Non-Executive Director may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Board's decisions are undertaken on a unanimous basis and no individual or small group of individuals dominate the Board's decision-making process.

Board Diversity

The Company is committed to build a diverse, inclusive and collaborative culture. The Company recognises and embraces the benefits of diversity on the Board, and recognises the need and benefits of embracing diversity at the Board level to enhance stewardship and decision-making capabilities commensurate with the Company's ever-evolving operating environment. The Company views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

STATEMENT OF CORPORATE GOVERNANCE

The Company has a written Board Diversity Policy which sets out the policy and framework for promoting diversity on the Board and maintained a culture of diversity to benefit from a wide talent pool. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including but not limited to:

- (i) gender;
- (ii) age;
- (iii) nationality;
- (iv) ethnicity;
- (v) cultural background;
- (vi) education background;
- (vii) experience;
- (viii) skills;
- (ix) knowledge;
- (x) independence; and
- (xi) length of service.

All director appointments or re-appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity and needs on the Board, and no candidate shall be disregarded by virtue of disability, gender, sexual orientation, age, race, ethnicity, religion, physical impairment, or any other potential factor of difference. Instructions to external search consultants would specifically be directed to the Company's Board Diversity Policy.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- (i) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- (ii) annual evaluation by the Directors with a view to understanding the range and level of expertise which is lacking by the Board.

Some details of the Board composition are as follows.

Gender Diversity	Male	Female	
	4 Directors	2 Directors	
Directors' Citizenship	Singapore Citizen	Foreigner	
	3 Directors	3 Directors	
Directorship with SGX	< 9 years	> 9 years	
	5 Directors	1 Director	
Age Group	30-39	40-49	50-59
	1 Director	1 Director	4 Directors

The NC will review the Board Diversity Policy from time to time as appropriate, to ensure its effectiveness.

STATEMENT OF CORPORATE GOVERNANCE

This composition and diversity of the Board enable the Management to benefit from a diverse and objective external perspective, on issues raised before the Board. Each Director has been appointed based on the strength of his/her calibre, expertise, experience and his/her potential contribution to the Group and its businesses. Profiles of the Directors are set out in the section entitled “Board of Directors” on pages 8 to 10 of this Annual Report.

Provision 2.5

The Independent Directors and Non-Executive Directors, led by the Independent Chairman, meet amongst themselves without the presence of the Management, where necessary, and the Independent Chairman will provide feedback to the Board after such meetings.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Mr Liu Yi is the Independent Non-Executive Chairman. Mr Chen Qiu Hai, 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.

Provision 3.2

As the CEO, Mr Chen Qiu Hai 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 assisting 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 Qiu Hai 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 Liu Yi, the Chairman bears responsibilities for leading the Board and the workings of the Board. The Chairman, with the assistance of the Company Secretary 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.

Provision 3.3

Mr Tan Kah Ghee, the Lead Independent Director of the Company will provide leadership in situations where the Chairman is conflicted. 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.

STATEMENT OF CORPORATE GOVERNANCE

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

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 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, 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 Provision 2.1 and 2.2 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;
- reviewing training and professional development programs for the Board, the Company endorses the Singapore Institute of Directors (“**SID**”) training programmes and sets a budget for such training and professional development programmes;
- 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.

Provision 4.2

The composition of the NC is:

Mr Tan Kah Ghee	Chairman
Mr Liu Yi	Member
Mr Chen Qiu Hai	Member

The Lead Independent Director, Mr Tan Kah Gee, 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.

STATEMENT OF CORPORATE GOVERNANCE

Provision 4.3

The NC is responsible for identifying and recommending potential candidates for appointment as director to the Board, after considering the necessary and desirable competencies. In selecting potential directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The NC will ensure that new Directors are aware of their duties and obligations.

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. Each member of the NC shall abstain from voting on any resolutions in respect to his/her re-nomination as a director.

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 Liu Yi	Independent Non-Executive Chairman	1 April 2021	29 October 2021
Mr Chen Qiu hai	Executive Director and CEO	8 February 2010	29 October 2021
Ms Chen Ying	Executive Director	14 May 2021	29 October 2021
Mr Tan Kah Ghee	Lead Independent Director	1 January 2021	27 October 2022
Mr Chang Feng-chang	Non-Independent Non-Executive Director	17 September 2010	27 October 2022
Ms Goi Lang Ling	Non-Independent Non-Executive Director	23 April 2019	29 October 2021

The NC has recommended to the Board that Mr Liu Yi and Ms Chen Ying be nominated for re-election at the Company’s forthcoming AGM. In making the recommendation, the NC has considered each of the said Directors’ overall contribution and performance. The Board has accepted the recommendation of the NC. Each member of the NC and the Board shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC and the Board in respect of the assessment of their own performance or re-nomination as Director.

Mr Liu Yi will, upon re-election as a Director, remain as the Independent Non-Executive Chairman of the Company, the Chairman of RC, and a member of the NC and AC. Ms Chen Ying will, upon re-election as a Director, remain as Executive Director of the Company.

STATEMENT OF CORPORATE GOVERNANCE

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, Directors seeking re-election at a general meeting have to provide the information as set out in Appendix 7.4.1 of the Listing Manual. The required information on the two Directors seeking re-election at the forthcoming AGM are appended herein:

Name of Director	Mr Liu Yi	Ms Chen Ying
Date of appointment	1 April 2021	14 May 2021
Date of last re-appointment (if applicable)	29 October 2021	29 October 2021
Age	42	37
Country of principal residence	Singapore	People's Republic of China
The Board's comments on the NC's recommendation for re-election	The re-election of Mr Liu Yi as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, skills, expertise, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Chen Ying as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, skills, expertise, past experience and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Director Responsible for assisting the CEO in developing and implementing the overall business strategy, overseeing the operations of all subsidiaries.
Job title	<ol style="list-style-type: none"> 1. Independent and Non-Executive Chairman 2. Chairman of the Remuneration Committee 3. Member of the Nominating Committee 4. Member of the Audit Committee 	<ol style="list-style-type: none"> 1. Executive Director
Professional qualifications	<ul style="list-style-type: none"> - 2016 FCCA - 2012 CA Singapore - 2006 ACCA 	<ul style="list-style-type: none"> - Bachelor of Public Affair Administration - Dalian University of Technology (Estimate to be completed in August 2024) - Diploma in Business Administration - Tianjin University
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> - 2016 - Present: DMC Consulting Pte. Ltd. (Director) - 2016 - Present: MRI Moores Rowland LLP (Director) - 2011 - 2016: China Taisan technology Group Holdings Ltd. (Financial Controller) 	<ul style="list-style-type: none"> - 2021 - Present: Yamada Green Resources Limited (Executive Director) - 2012 - 2021: Fujian Wangsheng Industrial Co., Ltd. (Deputy General Maager)
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil

STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Mr Liu Yi	Ms Chen Ying
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes	Yes
Other Principal Commitments including Directorships	<p><u>Directorship</u></p> <p><u>Past 5 years</u></p> <ul style="list-style-type: none"> - 8telcom International Holdings Co. Ltd. - Topsea Global Pte. Ltd.. - Singapore SME Network Summit Pte. Ltd. - Digifinex Pte. Ltd. - Moores Rowland Corporate Advisory Pte. Ltd. - DMC Solutions Pte. Ltd. - Providence Advisory Pte. Ltd. - DMC-Asia Pacific Pte. Ltd. <p><u>Present</u></p> <ul style="list-style-type: none"> - BCS Alliance Pte. Ltd. - Deyuan Investment Holdings Pte. Ltd. - UE Holding Pte. Ltd. - DMC Consulting Pte. Ltd. - Food Alliance Pte. Ltd. - Ju Xin Yuan Pte. Ltd. - JES International Holdings Limited - DMC Cororate Services Pte. Ltd. - DMC Asia Pacific Alliance Ltd. - MRI Moores Rowland LLP <p><u>Other Principal Commitments</u></p> <p>Nil</p>	Nil

STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Mr Liu Yi	Ms Chen Ying
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
<p>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	No	No
<p>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	<p>Yes</p> <p>JES International Holdings Limited was placed under Judicial Management since 11 February 2019 in view of requests for payment from creditors.</p> <p>For details please refer JES’s announcement on 15 January 2019</p>	No
<p>(c) Whether there is any unsatisfied judgment against him?</p>	No	No
<p>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	No	No

STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Mr Liu Yi	Ms Chen Ying
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or government body, permanently or temporarily enjoying him from engaging in any type of business practice or activity?	No	No

STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Mr Liu Yi	Ms Chen Ying
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No

STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Mr Liu Yi	Ms Chen Ying
Disclosure applicable to the appointment of Director only		
Any prior experience as a Director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience.	<ul style="list-style-type: none"> - Independent Director, JES International Holdings Limited - Independent Director, 8telcom International Holdings Co. Ltd. - Independent Director, Yamada Green Resources Limited 	- Executive Director, Yamada Green Resources Limited
If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a listed issuer as prescribed by the Exchange.	N.A.	N.A.
Please provide details of relevant experience and the NC's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

Provision 4.4

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. The NC reviews the independence of each Director annually in accordance with the definition of independence set out in the Code, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 210(5) of the Mainboard Rules.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent, pursuant to the definition of independence of the Code and the Mainboard Rules, and are able to exercise objective judgement on corporate matters of the Group independently from the Management.

Provision 4.5

The NC ensures that new directors are aware of their duties and obligations.

Although the Independent Directors and a 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 the 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 the Non-Executive Director, is satisfied that each Independent Director and the 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 FY2023, none of the Directors has put forward the appointment of any alternate director representing them in the Board.

STATEMENT OF CORPORATE GOVERNANCE

Board Performance

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

Provisions 5.1 and 5.2

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 FY2023, 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 FY2023 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 FY2023.

No external facilitator has been engaged by the Company for the purpose of evaluation of the Board and Board Committee during FY2023.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: *The Board has a formal and transparent procedure for developing policy on director and executive remuneration and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

STATEMENT OF CORPORATE GOVERNANCE

Provision 6.1

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.

Provision 6.2

The RC comprises two (2) Independent Directors and one (1) Non-Independent 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 Liu Yi	Chairman
Mr Tan Kah Ghee	Member
Ms Goi Lang Ling	Member

Provision 6.3

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 7 of the Code.

Each member of the RC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

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.

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.

Provision 6.4

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 FY2023.

STATEMENT OF CORPORATE GOVERNANCE

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

The level and structure of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the Company successfully but the company should avoid paying more 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.

Provisions 7.1 and 7.3

As part of its annual 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 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 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.

Provision 7.2

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

The Independent Directors and Non-Executive Director 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.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1 and 8.3

The Company's remuneration policy is to reward performance and attract, retain and motivate Directors and key management personnel. The RC will take into account the industry norms, the Group's, performance as well as the contribution and performance of each Director when determining remuneration packages. The RC will review the remuneration of the Directors and key management personnel (including the service contract of the CEO) from time to time.

While the Code recommends that companies fully disclose the amount and breakdown of remuneration for each individual director, the CEO and key management personnel on a named basis, the Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the Directors' and key management personnel remuneration due to competitiveness in the industry for talent.

STATEMENT OF CORPORATE GOVERNANCE

As such, the Board has deviated from complying with Provision 8.1 of the Code and has provided a breakdown of the remuneration of the Directors and key management personnel, in percentage terms showing the level and mix, for FY2023 falling in the bands of \$250,000 is set out below:

Remuneration Band and Name	Salary	Bonus	Directors' Fees	Allowances and Other Benefits	Total
Directors	%	%	%	%	%
<u>Below S\$250,000</u>					
Mr Liu Yi	–	–	100	–	100
Mr Chen Qiu Hai	95	–	–	5	100
Ms Chen Ying	93	–	–	7	100
Mr Tan Kah Ghee	–	–	100	–	100
Mr Chang Feng-chang	–	–	100	–	100
Ms Goi Lang Ling	–	–	100	–	100
Key Management Personnel ⁽¹⁾					
<u>Below S\$250,000</u>					
Mr Oh Lip How ⁽²⁾	93	–	–	7	100
Mr Leyng Thai Weng ⁽³⁾	87	–	–	13	100
Mr Liu Liping	93	–	–	7	100
Ms Zhang Liwen ⁽⁴⁾	91	–	–	9	100
Mr Liang Tinglong	93	–	–	7	100

(1) The Group only has three key management who are not Directors or the CEO as at 30 June 2023

(2) Resigned on 31 May 2023

(3) Appointed on 1 June 2023

(4) Resigned on 10 August 2022

For FY2023, the aggregate total remuneration paid to the key management personnel (who are not the Directors or the CEO) of the Company amounted to approximately RMB1,310,000.

For FY2023, 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 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 Yamada Green Resources Employee Share Option (the “Scheme”) and the Yamada Green Employee Share Plan (the “Plan”) were adopted on 29 April 2011 and had lapsed on 28 April 2021. There were no share options granted under the Scheme and the Plan. As the Scheme had been discontinued, no further share options may be offered by the Company.

Provision 8.2

There is no employee of the Group (excluding the CEO) who is a substantial shareholder of the Company, or an immediate family member of any Director, the CEO or substantial shareholders of the Company, and whose remuneration exceeded S\$100,000 during FY2023.

STATEMENT OF CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: *The Board is responsible for governance of risk and ensure that Management maintains a sound system of risk management and internal controls to safeguard the interests of the company and its shareholders.*

Provision 9.1

The Company has complied with Singapore Exchange (SGX) Listing Rule 719(3): Issuer to establish and maintain on an ongoing basis, an effective internal audit function (IAF) that is adequately resourced and independent of the activities it audits.

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.

Provision 9.2

Beside the review by the external auditors in the course of their audit, The Company has engaged the services of an independent accounting and auditing firm, Crowe Horwath First Trust Risk Advisory Pte Ltd, a member of Crowe Global, a top-10 international accounting network, as its outsourced professional internal auditors ("IA") to review on a regular basis and in accordance with the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework and the top 10 Core Principles issued by the Institute of Internal Auditors, the internal controls of the Group addressing financial, operational, compliance and information technology controls, and the Group's risk management system. Subsequent to the review, the IA will report its findings directly to the AC and will propose recommendations to enhance the Group's internal controls or risk management system and to resolve any instances of inadequate internal control processes. The external auditors will also report any material non-compliance or weaknesses in internal controls to the AC. The Management is responsible for the implementation of the various recommendations and will report the progress of implementation to the AC. No material high risk findings were noted in the external auditors and the IA report for FY2023. All other findings of the IA report for FY2023 have been addressed by Management.

In compliance with Rule 1207(10C) of the Listing Manual of the SGX-ST, the Board with the concurrence of the AC, is of the opinion that the outsourced internal audit team was independent, and 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 2023.

The Board and the AC have received assurance from the CEO, the Executive Director, the Chief Financial Officer respectively that: (a) 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 (b) 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 Board and the AC 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.

STATEMENT OF CORPORATE GOVERNANCE

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 and AC 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 and the AC 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 104 to 114.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

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;

STATEMENT OF CORPORATE GOVERNANCE

- 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 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 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 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 FY2023 is disclosed in the notes to the accompanying audited financial statements on page 96.

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.

In line with the recommendation by ACRA, Monetary Authority of Singapore and the SGX-ST that the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key audit matters ("KAM"), the AC together with the Management had considered the KAM presented by the external auditors. The AC reviewed the KAM and concurred and agreed with the external auditors and Management on their assessment, judgements and estimates on the KAM reported by the external auditors.

STATEMENT OF CORPORATE GOVERNANCE

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 and external parties may, in confidence, raise concerns about wrongdoing, malpractice, possible irregularity, or fraudulent activity within the Group, offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

All complaints would be independently investigated under the supervision and monitoring by the AC with appropriate follow-up of such matters as determined by the AC which shall report to the Board.

Under the Company's whistle-blowing policy, the Company will take all necessary measures to ensure that the whistle-blower's identity will be kept confidential to the extent that it is lawful. Appropriate action will be taken to protect whistle-blower from any detriment or retaliation including harassment, victimization or unwarranted disciplinary actions. The Company will take all necessary steps to ensure that the whistle-blower will be protected even if the report proves to be unfounded, provided the report was made in good faith.

The Board, acting upon the recommendations of the Audit Committee, has the responsibility for ensuring the maintenance, regular review and updating of the policy. Revisions, amendments and alterations to this Policy can only be implemented upon approval by the Board with the recommendations of the Audit Committee and must be notified in writing to the employees when they occur.

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 FY2023.

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.

Provision 10.2

The AC comprises two (2) Independent Directors and one (1) Non-Independent 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 Tan Kah Ghee	Chairman
Mr Chang Feng-chang	Member
Mr Liu Yi	Member

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.

Provision 10.3

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 two years 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 who has any financial interest in the auditing firm or auditing corporation.

STATEMENT OF CORPORATE GOVERNANCE

Provision 10.4

The AC will approve the appointment, removal, evaluation and compensation of the outsourced 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.

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 internal auditors has unfettered access to have the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company

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. The AC is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group.

Provision 10.5

The AC meets with the Group's external auditors and internal auditors, without the presence of the Management at least annually.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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.

Provision 11.1

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.

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.

STATEMENT OF CORPORATE GOVERNANCE

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. The Company currently does not provide for voting in absentia.

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.

Provision 11.2

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.

Provision 11.3

The Chairman of the AC, NC, and RC of the Company are usually available at general meetings to address questions from the shareholders. All Directors will endeavour to be present at the Company’s general meetings of Shareholders to address Shareholders’ queries. 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.

Provision 11.4

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of shareholders’ identities through the web are not compromised.

Provision 11.5

The Company Secretary prepares minutes of general meetings relating to the agenda of the meetings, and makes these minutes, subsequently approved by the Board, available to shareholders during office hours at its registered office. Minutes of general meetings shall only include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board, the Management, the external auditors and other relevant professionals.

The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by the Code. There are potential adverse implications, including commercial and legal implications, for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders’ meeting). The Company is of the view that its position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equitably by the Company.

For greater transparency, the Company has instituted poll voting and all resolutions are put to vote by poll at its AGMs. Announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will also be made on the same day.

Provision 11.6

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. A final dividend has been declared and recommended for FY2023.

STATEMENT OF CORPORATE GOVERNANCE

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1

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.

Provisions 12.2 and 12.3

Presently, the Company does not have an investor policy or protocol in place nor a dedicated investor relations team. However, shareholders may contact the Company with questions or provide feedback to the Company's registered address at 7 Temasek Boulevard #32-01 Suntec Tower One Singapore 038987 and the Company may respond to such questions. The Company will assess the need to establish an investor policy or protocol or investor relations team as and when it deems necessary.

MANAGEMENT STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2

The Company recognised the vitality on stakeholders engagement for the Company's long term sustainability. The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Company engages with key stakeholders to determine the issues that are most relevant to them and the Group and to align the Company's sustainable approach with their expectations.

The Company has identified five stakeholders' groups, namely, the employees, customers, shareholders and investors, government and regulators, and suppliers and business partners. The Company's approach to the engagement with key stakeholders and rationale were disclosed in the Company's Sustainability Report for FY2023, where the Company would continue to monitor and improve to ensure the best interest of the Company.

For more details on the Group's effort on sustainability, please refer to our Sustainability Report 2023, which will be published separately by 31 October 2023 and available to be accessed from the Singapore Exchange Website at www.sgx.com.

STATEMENT OF CORPORATE GOVERNANCE

Provision 13.3

The Company maintains a current corporate website to communicate and engage with stakeholders. The Company's website can be accessed at <http://www.yamada-green.com>.

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 FY2023.

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 FY2023.

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 2023.

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 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 1967 (the "Act") 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:

Chang Feng-chang (Non-Executive Director)
Chen Qiu hai (Executive Director and Chief Executive Officer)
Chen Ying (Executive Director)
Goi Lang Ling (Non-Executive Director)
Liu Yi (Independent Non-Executive Chairman)
Tan Kah Ghee (Lead Independent Director)

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests

According to the Register of directors' shareholdings kept by the Company under Section 164 of the Act, particulars of interests of the directors who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations, except as set out below:

	Number of ordinary shares			
	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.7.2022	As at 30.6.2023	As at 1.7.2022	As at 30.6.2023
The Company - Yamada Green Resources Limited				
Chen Qiu hai	–	–	62,931,015	62,931,015
Chang Feng-chang	–	–	270,000	270,000

By virtue of the provisions of Section 7 of the Act, Chen Qiu hai 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 2023.

DIRECTORS' STATEMENT

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:

Tan Kah Ghee (Chairman)
Chang Feng-chang
Liu Yi

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

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

- (i) the audit plan and results of the internal auditor's examination and evaluation of the Group's system of internal accounting controls;
- (ii) the audit plan of the Company's independent auditors for the statutory audit;
- (iii) 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 auditors to discuss the results of their respective examinations;
- (iv) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2023 as well as the independent auditor's report thereon;
- (v) met with the external auditors, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vi) quarterly, half-yearly and annual announcements on the results of the Group and financial position of the Company and the Group;
- (vii) 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;
- (viii) reviewed the cost effectiveness and the independence and objectivity of the external auditors;
- (ix) reviewed the nature and extent of non-audit services provided by the external auditors;
- (x) recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors and reviewed the scope and results of the audit;
- (xi) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- (xii) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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, and the internal and external auditors, to attend its meetings.

DIRECTORS' STATEMENT

Audit committee (Cont'd)

The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees. The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Messrs Foo Kon Tan LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

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

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 2023.

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 in Note 24 to the accompanying financial statements.

On behalf of the Directors

CHEN QIUHAI

CHANG FENG-CHANG

Dated:

INDEPENDENT AUDITOR'S REPORT

To the Members of Yamada Green Resources Limited

Report on the Audit of the Financial Statements

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 2023, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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 Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). 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 Group 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 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, we do not provide a separate opinion on these matters.

Key Audit Matter	<p><u>Valuation of investment properties and right-of-use assets measured at fair value</u> (refer to Notes 2(d), 4 and 6 to the financial statements)</p> <p>The Group's investment properties of RMB 252,197,000 (2022 - RMB 235,236,000) and right-of-use assets of RMB 33,841,000 (2022 - RMB 44,007,000) represented 84% (2022 - 83%) of the Group's total assets as at the reporting date.</p> <p>The investment properties are measured at fair value and in the case of right-of-use assets consisting of leasehold buildings and land use rights, they are revalued.</p> <p>The valuations have been carried out by independent valuers, Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. and Savills Valuation and Professional Services Limited (collectively, the "Independent Valuers").</p> <p>Considering the implications of higher levels of estimation uncertainty and judgement required due to the changes in market and economic conditions arising from the prolonged effects of COVID-19 pandemic and the significant judgements and assumptions made by management, we have identified the valuation of the investment properties and right-of-use assets as a Key Audit Matter.</p>
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INDEPENDENT AUDITOR'S REPORT

To the Members of Yamada Green Resources Limited

How the Key Audit Matter was addressed in our audit	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none">a) Assessed the competency, capability and objectivity of the Independent Valuers. We also considered any terms of the engagement of the Independent Valuers with the Group for any matters that might have affected their objectivity or limited the scope of their work;b) Engaged our auditor expert to review the valuation methodologies used by the Independent Valuers appointed by the management. We held discussions with the Independent Valuers and the auditor expert and challenged the key assumptions taking into consideration of the possible implications brought about by COVID-19 pandemic such as by adjusting the rental rate and vacancy rate and other relevant factors;c) Reviewed the procedures and conclusion of the auditor expert in assessing the appropriateness of the valuation methodologies and reasonableness of estimates used by the Independent Valuers;d) Performed sensitivity analysis over the assumptions, estimates and its measurement against source data and appropriate external sources;e) Evaluated the competency, capability and objectivity of the auditor expert; andf) Considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in deriving the estimates.
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Other Information

Management is responsible for the other information. The other information comprises all the sections of 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. We have nothing to report in this regard.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Yamada Green Resources Limited

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 SSA 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 SSA, 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.
- 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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the 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, actions taken to eliminate threats or safeguards applied.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Yamada Green Resources Limited

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.

The engagement partner on the audit resulting in this independent auditor's report is Teo Soo Chuen.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

	Note	The Company		The Group	
		30 June 2023 RMB'000	30 June 2022 RMB'000	30 June 2023 RMB'000	30 June 2022 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	–	–	45,182	58,841
Intangible assets	5	–	–	12	31
Investment properties	6	8,556	7,685	252,197	235,236
Investments in subsidiaries	7	154,289	147,780	–	–
		162,845	155,465	297,391	294,108
Current Assets					
Inventories	8	–	–	4,596	15,712
Trade and other receivables	9	167,615	171,415	8,815	9,401
Prepayments	10	91	61	91	61
Cash and bank balances	11	72	161	27,984	17,788
		167,778	171,637	41,486	42,962
Total assets		330,623	327,102	338,877	337,070
EQUITY					
Capital and Reserves					
Share capital	12	322,210	322,210	322,210	322,210
Share-based payment reserve	13(a)	2,016	2,016	2,016	2,016
Statutory reserve	13(b)	–	–	72,558	72,449
Revaluation reserve	13(c)	–	–	45,026	43,782
Other reserve	13(d)	–	–	29,349	29,349
Accumulated losses		(39,309)	(42,166)	(178,806)	(185,768)
Total equity attributable to owners of the Company		284,917	282,060	292,353	284,038
LIABILITIES					
Non-Current Liabilities					
Bank borrowing	14	3,592	3,674	3,592	3,674
Deferred tax liabilities	15	–	–	32,837	31,317
		3,592	3,674	36,429	34,991
Current Liabilities					
Trade and other payables	16	41,687	41,041	8,553	17,714
Bank borrowing	14	427	327	427	327
Current income tax payable		–	–	1,115	–
		42,114	41,368	10,095	18,041
Total liabilities		45,706	45,042	46,524	53,032
Total equity and liabilities		330,623	327,102	338,877	337,070

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 2023

	Note	Year ended 30 June 2023 RMB'000	Year ended 30 June 2022 RMB'000
The Group			
Revenue	17	35,869	56,470
Cost of sales		(33,646)	(50,634)
Gross profit		2,223	5,836
Revenue from rental income from investment properties	18	11,048	9,124
Other operating income	19	9,156	1,266
Selling and distribution expenses	20(a)	(909)	(1,812)
Administrative expenses	20(b)	(12,656)	(12,907)
Other operating expenses	20(c)	(907)	(1,155)
Finance costs	20(d)	(155)	(122)
Profit before taxation	21	7,800	230
Taxation	22	(2,248)	2,358
Net profit for the year		5,552	2,588
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of leasehold buildings and structural improvements and land use rights classified as property, plant and equipment measured at fair value, net of tax	20(e)	2,763	977
Total comprehensive income for the year attributable to owners of the Company		8,315	3,565
		Cents	Cents
		RMB	RMB
Earnings per share:			
- Basic	23	3.1	1.5
- Diluted	23	3.1	1.5

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 2023

The Group	Note	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Revaluation reserve - non- distributable RMB'000	Other reserve - non- distributable RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 July 2021		322,210	2,016	72,449	42,805	29,349	(188,356)	280,473
Profit for the year		-	-	-	-	-	2,588	2,588
Other comprehensive income for the year	13(c)	-	-	-	977	-	-	977
Total comprehensive income for the year		-	-	-	977	-	2,588	3,565
At 30 June 2022		322,210	2,016	72,449	43,782	29,349	(185,768)	284,038
Profit for the year		-	-	-	-	-	5,552	5,552
Other comprehensive income for the year	13(c)	-	-	-	2,763	-	-	2,763
Total comprehensive income for the year		-	-	-	2,763	-	5,552	8,315
Transfer to statutory reserve	13(b)	-	-	109	-	-	(109)	-
Transfer to accumulated losses arising from Compulsory Acquisition	4(a), 13(c)	-	-	-	(1,519)	-	1,519	-
At 30 June 2023		322,210	2,016	72,558	45,026	29,349	(178,806)	292,353

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 2023

The Group	Note	Year ended 30 June 2023 RMB'000	Year ended 30 June 2022 RMB'000
Cash Flows from Operating Activities			
Profit before taxation		7,800	230
Adjustments for:			
Amortisation of intangible assets	5	19	24
Bad debt written off	21	73	–
Depreciation of property, plant and equipment	4	3,155	2,764
Exchange gain		(960)	–
Fair value loss on investment properties	6, 20(c)	499	688
Gain on Compulsory Acquisition	4(a), 19, 21	(3,759)	–
Interest expense	20(d)	155	122
Interest income	19	(131)	(456)
Loss on disposal of property, plant and equipment	20(c)	194	–
Property, plant and equipment written off	4, 20(c)	1	3
Reversal of over-accrual of social insurances	16, 19, 21	(3,592)	–
Operating cash flows before working capital changes		3,454	3,375
Decrease in inventories		11,116	221
Decrease in trade and other receivables and prepayments		1,144	813
(Decrease)/increase in trade and other payables		(5,780)	11
Cash generated from operations		9,934	4,420
Income tax paid		(535)	(215)
Interest received		131	456
Net cash generated from operating activities		9,530	4,661
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment (Note A)	4	(829)	(5,794)
Additions to investment properties	6	(6,569)	(6,768)
Proceeds from disposal of property, plant and equipment		669	–
Proceeds from Compulsory Acquisition	4(a)	8,000	–
Compensation paid to tenants arising from Compulsory Acquisition	4(a)	(450)	–
Net cash generated from/(used in) investing activities		821	(12,562)
Cash Flows from Financing Activities			
Repayment of bank borrowing - principal (Note B)		(410)	(2,400)
Repayment of bank borrowing - interest (Note B)		(155)	(122)
Net cash used in financing activities		(565)	(2,522)
Net increase/(decrease) in cash and cash equivalents		9,786	(10,423)
Cash and cash equivalents at beginning of year		17,788	29,121
Effect on foreign exchange of rate changes on cash and cash equivalents		410	(910)
Cash and cash equivalents at end of year	11	27,984	17,788

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 2023

Note A

During the financial year ended 30 June 2023, the Group acquired property, plant and equipment with an aggregate cost of RMB 829,000 (2022 - RMB 5,794,000). As at 30 June 2023, there was an amount outstanding of RMB 99,000 (2022 - RMB 99,000) (Note 16) owing to a contractor for refurbishment work to the leasehold building. There is no cash payment made during the financial years ended 30 June 2022 and 2023.

Note B

Reconciliation of liabilities arising from financing activities

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

	Year ended 30 June 2023 RMB'000	Year ended 30 June 2022 RMB'000
Bank borrowing (Note 14)		
At beginning of year	4,001	6,402
<u>Cash flow</u>		
Repayments	(565)	(2,522)
- Repayment of principal	(410)	(2,400)
- Repayment of interest	(155)	(122)
<u>Non-cash movement</u>		
Interest expense	155	122
Exchange translation	428	(1)
At end of year	<u>4,019</u>	<u>4,001</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

1 General information

The financial statements of the Company and of the Group for the year ended 30 June 2023 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.

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

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with the provisions of the Singapore Companies Act 1967 and 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) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 July 2022, the Group and the Company have adopted all the new and revised SFRS(I)s and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements did not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

2(c) New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new revised SFRS(I), and amendments to SFRS(I) that have been issued but are not yet effective to them.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	<i>Insurance Contracts</i>	1 January 2023
<u>Amendments to SFRS(I):</u>		
SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Various SFRS(I)s	<i>SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies</i>	1 January 2023
SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
SFRS(I) 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
SFRS(I) 1-7 and SFRS(I) 7	<i>Supplier Finance Arrangements</i>	1 January 2024
SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

The directors do not anticipate that the adoption of the above SFRS(I)s in the future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

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 recognition - Principal or agent

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 accordingly, accounts the revenue as gross presentation in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

Significant judgements in applying accounting policies (Cont'd)

Classification of a property

The Group determines whether a property is classified as investment property or owner-occupied property as follows:

- Investment properties comprise leasehold buildings and land use rights which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Owner-occupied property is property that is used by the Group in the production or supply of goods or services or for administrative purposes.

When differentiating between owner-occupied property or investment property, some properties have a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. Where the portions cannot be sold or leased out separately under a finance lease, the property is classified as investment property only if an insignificant portion is owner-occupied, in which case the entire property is accounted for as investment property. If more than an insignificant portion is owner-occupied, the entire property is accounted for as property, plant and equipment.

During the financial year ended 30 June 2023, the Group transferred property, plant and equipment of RMB 10,504,000 to investment properties arising from the commencement of the lease to earn rental income and capital appreciation (Notes 4 and 6).

Income tax (Notes 15 and 22)

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.

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.

Critical accounting estimates and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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 and right-of-use ("ROU") assets (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 5 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 30 June 2023 are disclosed in Note 4. 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.

If the actual useful lives of the Group's ROU assets differ by 10% from the management's estimates, the carrying amount of the Group's ROU assets will be approximately RMB 236,000 (2022 - RMB 238,000) lower and RMB 194,000 (2022 - RMB 194,000) higher respectively.

If the actual useful lives of the Group's property, plant and equipment differ by 10% from the management's estimates, the carrying amount of the Group's property, plant and equipment will be approximately RMB 253,000 (2022 - RMB 202,000) lower and RMB 309,000 (2022 - RMB 247,000) higher respectively.

Valuation of ROU assets and investment properties (Notes 4 and 6)

The Group's ROU assets and investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers. The determination of the fair value of ROU assets and 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. There are also higher levels of estimation uncertainty and judgement required due to the changes in market and economic conditions arising from the prolonged effects of COVID-19 pandemic. The carrying amount of ROU assets and investment properties is disclosed in Notes 4 and 6 to the financial statements. Sensitivity analysis regarding the key input estimates used in each valuation method is set out below:

Valuation technique	Input factor	Increase or decrease in estimate	Increase or decrease in fair value
Direct comparison method	Transacted price of comparable properties	+/- 5%	+/- RMB 0.4 million (2022 - RMB 0.4 million)
Income approach	Capitalisation rate	-/+ 25 basis points	+/- RMB 8.5 million (2022 - RMB 8.8 million)
Income approach	Vacancy rate	+ 5%	+ RMB 13.1 million (2022 - RMB 13.7 million)
Income approach	Monthly market rent	+/- 5%	+/- RMB 13.1 million (2022 - RMB 13.7 million)

Impairment of investments in subsidiaries (Note 7)

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 investments based on such estimates.

An increase/decrease by 5% in net asset value of the subsidiary will increase/decrease the Company's profit/loss for the year by RMB 5,226,000 (2022 - RMB 7,037,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

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

Allowance for expected credit losses ("ECL") on trade and other receivables (Note 9)

Allowance for ECL of trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

The Group and the Company apply the 3-stage general approach to determine ECL for non-trade amounts due from external parties and related parties. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The carrying amount of the Group's and the Company's trade and other receivables is disclosed in Note 9. A decrease of 10% in the estimated future cash inflows will not lead to further allowance for impairment on the Group's and the Company's trade and other receivables.

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. Information on its subsidiaries is given in Note 7 to the financial statements.

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.

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;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Significant accounting policies (Cont'd)

Consolidation (Cont'd)

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Significant accounting policies (Cont'd)

Consolidation (Cont'd)

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 Group.

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)).

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 SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. In the case of leasehold buildings and structural improvements, they are initially stated at cost and subsequently at valuation (see accounting policy "*Leases – Rights-of-use assets*"). Depreciation is computed using the straight-line method to allocate the depreciable amount of the assets over the estimated useful lives as follows:

Land use rights	Over the lease term of 41 to 50 years
Leasehold buildings and structural improvements	20 years
Motor vehicles	10 years
Office equipment	5 years
Plant and machinery	10 years
Fixtures and fittings	5 to 10 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Significant accounting policies (Cont'd)

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

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.

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.

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 derecognised.

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Significant accounting policies (Cont'd)

Investment properties (Cont'd)

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 inception 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 with a view to owner-occupation.

Right-of-use assets which meet the definition of an investment property are presented within "Investment properties".

Investments in subsidiaries

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

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. On disposal of such investments, the difference between disposal proceeds and carrying amounts of the investment are recognised in profit or loss.

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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

Classification and measurement (Cont'd)

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 subsidiary at amortised cost.

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 operating 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, if any. 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 operating expense".

(ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values, if any. 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 operating expense", except for those equity securities which are not held for trading.

There are no financial assets classified as FVOCI or FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

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.

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.

Other financial assets

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).

The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

Write-off policy

The Group considers 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Significant accounting policies (Cont'd)

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 and the Group become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in profit or loss. Financial liabilities are derecognised if the Company's and 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 Group 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.

Borrowings are recognised initially at the 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 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.

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

Borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

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

Dividend distributions to shareholders, if any, are included in current financial liabilities when the dividends are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Significant accounting policies (Cont'd)

Provisions (Cont'd)

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 that grants the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Leases

(i) Where the Group is the lessee:

At inception of the contract, the Group assesses whether the contract contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are 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 derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

(i) Where the Group is the lessee (Cont'd):

- Right-of-use assets (Cont'd)

The right-of-use assets (except for those which meet the definition of investment property) are presented within "Property, plant and equipment" in the statements of financial position.

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.

- Lease liabilities

The initial measurement of lease liability, if any, is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

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

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

(i) Where the Group is the lessee (Cont'd):

- Lease liabilities (Cont'd)

- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.
- Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at their revalued amounts. The land use rights are amortised on a straight-line basis over the lease term of 41 to 50 years.

- Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(ii) Where the Group is the lessor:

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment properties under operating leases as rental income on a straight-line basis over the lease term within "Revenue from rental income from investment properties" in profit or loss.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents, if any, are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Summary of significant accounting policies (Cont'd)

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has rebutted the presumption that the carrying amount of the investment properties will be recovered through use.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, if any, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Summary of significant accounting policies (Cont'd)

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 13% 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 Company 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 had existing share incentives schemes, namely, Yamada Green Resources Employee Share Option Scheme and Yamada Green Resources Performance Share Plan which had lapsed on 28 April 2021.

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

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

In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries was 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 were modified, the minimum expense recognised was the expense as if the terms had not been modified. If the original terms of the award were met, an additional expense was recognised for any modification that increased the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

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;
 - (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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)

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.

Revenue recognition

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.

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.

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.

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 market rates thereafter.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Summary of significant accounting policies (Cont'd)

Government grant/subsidy

Grants or subsidies from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

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 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.

Translation of Group entities’ financial statements

The results and financial position of all the entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Summary of significant accounting policies (Cont'd)

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.

Current and non-current classification

The Group presents assets and liabilities in the statements of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share, where applicable, is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3 Summary of significant accounting policies (Cont'd)

Fair value measurement (Cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its 'highest-and-best use' or by selling it to another market participant that would use the asset in its 'highest-and-best use'.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value-in-use in SFRS(I) 1-36 *Impairment of Assets*.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

4 Property, plant and equipment

	Office equipment RMB'000
The Company	
<u>At cost</u>	
At 1 July 2021, at 30 June 2022 and at 30 June 2023	<u>14</u>
<u>Accumulated depreciation</u>	
At 1 July 2021, at 30 June 2022 and at 30 June 2023	<u>14</u>
<u>Net book value</u>	
At 30 June 2022 and 30 June 2023	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

4 Property, plant and equipment (Cont'd)

The Group	Note	Leasehold buildings and structural improvements RMB'000 (At valuation)	Land use rights RMB'000 (At valuation)	Motor vehicles RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Fixtures and fittings RMB'000	Construction -in-progress RMB'000	Total RMB'000
<u>At Valuation/Cost</u>									
At 1 July 2021		30,423	19,017	384	83	1,074	206	140	51,327
Additions		430	-	-	-	5,346	18	-	5,794
Reclassification		140	-	-	(58)	-	58	(140)	-
Written off		-	-	-	-	(4)	(9)	-	(13)
Transfer from investment properties	6	11,611	-	-	-	-	-	-	11,611
Elimination of accumulated depreciation		(2,003)	(542)	-	-	-	-	-	(2,545)
Revaluation adjustments	20(e)	213	682	-	-	-	-	-	895
At 30 June 2022		40,814	19,157	384	25	6,416	273	-	67,069
Additions		-	-	-	-	34	39	756	829
Reclassification of VAT receivable to other receivables		-	-	-	-	(341)	-	-	(341)
Compulsory Acquisition	4(a)	(1,777)	(2,080)	-	-	-	-	-	(3,857)
Disposals		-	-	(52)	-	(357)	(18)	(635)	(1,062)
Written off		-	-	-	(6)	-	-	-	(6)
Transfer to investment properties	6	(10,504)	-	-	-	-	-	-	(10,504)
Elimination of accumulated depreciation		(2,171)	(362)	-	-	-	-	-	(2,533)
Revaluation adjustments	20(e)	3,031	652	-	-	-	-	-	3,683
At 30 June 2023		29,393	17,367	332	19	5,752	294	121	53,278

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

4 Property, plant and equipment (Cont'd)

The Group	Note	Leasehold buildings and structural improvements RMB'000 (At valuation)	Land use rights RMB'000 (At valuation)	Motor vehicles RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Fixtures and fittings RMB'000	Construction -in-progress RMB'000	Total RMB'000
<u>Accumulated depreciation and impairment</u>									
At 1 July 2021		1,535	5,957	146	60	220	101	-	8,019
Depreciation/amortisation for the year		2,003	542	68	2	100	49	-	2,764
Transfer		-	-	-	(38)	-	38	-	-
Written off		-	-	-	-	(2)	(8)	-	(10)
Elimination of accumulated depreciation		(2,003)	(542)	-	-	-	-	-	(2,545)
At 30 June 2022		1,535	5,957	214	24	318	180	-	8,228
Depreciation/amortisation for the year		2,182	370	64	-	502	37	-	3,155
Compulsory Acquisition	4(a)	(542)	(8)	-	-	-	-	-	(550)
Disposals		-	-	(24)	-	(164)	(11)	-	(199)
Written off		-	-	-	(5)	-	-	-	(5)
Elimination of accumulated depreciation		(2,171)	(362)	-	-	-	-	-	(2,533)
At 30 June 2023		1,004	5,957	254	19	656	206	-	8,096
Comprising:									
- Accumulated depreciation		-	-	254	19	656	206	-	1,135
- Accumulated impairment losses		1,004	5,957	-	-	-	-	-	6,961
<u>Net book value</u>									
At 30 June 2023		28,389	11,410	78	-	5,096	88	121	45,182
At 30 June 2022		39,279	13,200	170	1	6,098	93	-	58,841

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

4 Property, plant and equipment (Cont'd)

The Group

(a) Compulsory Acquisition of land and buildings

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

On 13 March 2023, Fengwang entered into an agreement with Zhangping City Land Management Center 漳平市土地征收储备中心 (representing the Zhangping Municipal government) and Fujian Zhangping Industrial Park Management Committee 福建漳平工业园区管理委员会 in relation to the Compulsory Acquisition ("Acquisition Agreement"). The total consideration for the Compulsory Acquisition is RMB 8,000,000 (the "Acquisition Consideration").

As per the Acquisition Agreement, the Acquisition Consideration payable to Fengwang was as follows:

- (a) 20% within 15 days from the date of the Acquisition Agreement;
- (b) 80% within 15 days from the date of the completion of the Compulsory Acquisition.

The Acquisition Consideration of RMB 8,000,000 was fully received by 22 May 2023.

The carrying amount of Fengwang's land and buildings subject to Compulsory Acquisition as at date of Compulsory Acquisition were:

- leasehold buildings and land use rights (at valuation) classified under property, plant and equipment totalling RMB 3,307,000; and
- leasehold buildings and land use rights (at fair value) classified under investment properties totalling RMB 484,000 (Note 6).

The investment property belonging to Fengwang were rented to two tenants and the tenancies were prematurely terminated by Fengwang due to the Compulsory Acquisition. The extent of compensation to these tenants amounted to RMB 450,000.

Management has engaged the external independent valuer, who performed the annual valuation of these properties belonging to Fengwang for the financial year ended 30 June 2022, to conduct an updated valuation as of 7 March 2023. The said independent professional valuer has adopted the valuation methodology, key parameters and assumptions consistent to that of the valuation conducted for the financial year ended 30 June 2022. There were no material changes to market and conditions of these properties between the inspection date of previous valuation report and the date of valuation as of 7 March 2023.

On 22 May 2023, the Compulsory Acquisition transaction was completed. Arising from the Compulsory Acquisition, the following were recognised in the books:

- a gain on Compulsory Acquisition of RMB 3,759,000 (Note 19), net of compensation to tenants of RMB 450,000;
- a transfer of revaluation reserve to accumulated losses of RMB 1,519,000 (Note 13(c)); and
- capital gain tax of RMB 900,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

4 Property, plant and equipment (Cont'd)

(b) Depreciation is charged to:

The Group		30 June 2023	30 June 2022
	Note	RMB'000	RMB'000
Cost of sales		640	1,216
Administrative expenses	20(b)	2,514	1,547
Selling and distribution expenses	20(a)	1	1
	21	3,155	2,764

(c) Right-of-use assets

The Group had made upfront payments for the right-of-use of its leasehold buildings and the right-of-use of leasehold lands with tenures ranging from 41 to 50 years for own use in prior years. Right-of-use assets are presented together with property, plant and equipment with carrying amounts of RMB 33,841,000 (2022 - RMB 44,007,000) as at 30 June 2023.

The following are the amounts recognised for right-of-use-assets:

The Group		30 June 2023	30 June 2022
		RMB'000	RMB'000
Depreciation, included in			
- cost of sales		496	1,065
- administrative expenses		2,056	1,480
		2,552	2,545
Impairment loss, included in			
- other operating expenses		-	-
Accumulated impairment losses		6,961	7,492
Net book value			
- leasehold buildings		22,431	30,807
- land use rights		11,410	13,200
		33,841	44,007

The accumulated impairment losses as at the reporting date are due to the change in market conditions where the carrying amount is lower than its fair value net of any previous gains recognised in other comprehensive income. The recoverable amount is based on the fair value less cost to sell as determined using income approach for the said assets. See the fair value hierarchy Level 3 measurement as disclosed in Note 27.6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

4 Property, plant and equipment (Cont'd)

(c) Right-of-use assets (Cont'd)

Details of the leasehold buildings and structural improvements in the Group's property, plant and equipment as at 30 June 2022 and 2023 are as follows:

Location	Description	Gross floor area (sq.m)	Tenure	Net book value (at valuation)	
				30 June 2023 RMB'000	30 June 2022 RMB'000
Leasehold building (including structural improvements)					
<u>Fujian Wangsheng Industrial Co., Ltd.</u>					
Economic and Technological Development Zone of Minhou County Fuzhou City, The PRC	2号办公楼	6,572	50 years	7,051	6,850
	2号1#厂房	(2022 - 9,032)	leasehold	3,737	9,685
	2号2#厂房		up to 29.07.2062	5,588	9,647
	2号5#生产车间			11,859	11,523
<u>Nanping Yuanwang Foods Co., Ltd.</u>					
No. 2 Shengfeng Road Liantang Town, Pucheng County Nanping City, Fujian Province, The PRC	厂房	137 (2022 - 378)	41 years leasehold up to 26.01.2046	154	364
<u>Zhangping Fengwang Agricultural Products Co., Ltd.</u>					
Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City Fujian Province, The PRC	办公楼	-	50 years	-*	483
	厂房	(2022 - 2,318)	leasehold up to 18.04.2063	-*	727
Total leasehold buildings				28,389	39,279

*All assets were subject to Compulsory Acquisition which was completed in May 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

4 Property, plant and equipment (Cont'd)

(c) Right-of-use assets (Cont'd)

Details of the land use rights in the Group's property, plant and equipment as at 30 June 2022 and 2023 are as follows:

Location	Description	Land area (sq.m)	Tenure	Net book value (at valuation)	
				30 June 2023 RMB'000	30 June 2022 RMB'000
Land					
<u>Fujian Wangsheng Industrial Co., Ltd.</u>					
No. 2 Dongling Road Minhou Economic and Technological Development Zone, Ganzhe Street, Minhou County, Fuzhou City Fujian Province, The PRC	Land and Resources Bureau of Minhou County	30,791 (2022 - 30,791)	50 years leasehold up to 29.07.2062	10,300	10,040
<u>Nanping Yuanwang Foods Co., Ltd.</u>					
No. 2 Shengfeng Road Liantang Town, Pucheng County, Nanping City, Fujian Province, The PRC	People's Government of Pucheng County	20,637 (2022 - 20,637)	41 years leasehold up to 26.01.2046	1,110	1,090
<u>Zhangping Fengwang Agricultural Products Co., Ltd.</u>					
Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City, Fujian Province, The PRC	People's Government of Zhangping City	– (2022 - 19,678)	50 years leasehold up to 18.04.2063	–*	2,070
Total land use rights				11,410	13,200

*All assets were subject to Compulsory Acquisition which was completed in May 2023.

The land use rights with a carrying amount of RMB 1,110,000 (2022 - RMB 1,090,000) 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.

The leasehold buildings and structural improvements and the land use rights carried at valuation as at 30 June 2023 were valued by the independent professional valuers, Savills Valuation and Professional Services Limited. Details of valuation method and key assumptions used in the valuation of these assets are set out in Note 27.6.

Had the leasehold properties including structural improvements and land use rights stated at revaluation included in the financial statements are stated at cost less accumulated depreciation, their net book values would be:

	30 June 2023 RMB'000	30 June 2022 RMB'000
The Group		
At net book value,		
- leasehold buildings and structural improvements	9,252	16,238
- land use rights	9,059	9,689
	18,311	25,927

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

4 Property, plant and equipment (Cont'd)

- (d) As at 30 June 2023, impairment indicators are identified and impairment testing has been performed for certain of the Group's plant and equipment to the extent of RMB 1,009,000 (2022 - RMB 1,755,000) relating to the food processing segment. Based on recoverable values determined by management using fair value less cost of disposal, no impairment loss was recognised.

5 Intangible assets

	Note	30 June 2023 RMB'000	30 June 2022 RMB'000
The Group			
<u>Cost</u>			
Balance at beginning and end of year		120	120
<u>Accumulated amortisation</u>			
Balance at beginning of year		89	65
Amortisation for the year	20(b), 21	19	24
Balance at end of year		108	89
Net book value		12	31

6 Investment properties

		30 June 2023 RMB'000	30 June 2022 RMB'000
The Company			
<u>At valuation</u>			
Balance at beginning of year		7,685	7,685
Exchange movement		871	-
Balance at end of year		8,556	7,685

	Note	Leasehold buildings RMB'000	Land use rights RMB'000	Total RMB'000
The Group				
<u>At valuation</u>				
Balance at 1 July 2021		229,867	10,900	240,767
Additions		6,768	-	6,768
Transfer to property, plant and equipment	4	(11,611)	-	(11,611)
Fair value changes	21	(888)	200	(688)
Balance at 30 June 2022		224,136	11,100	235,236
Additions		6,569	-	6,569
Compulsory Acquisition		(484)	-	(484)
Transfer from property, plant and equipment	4	10,504	-	10,504
Fair value changes	21	(699)	200	(499)
Exchange movement		871	-	871
Balance at 30 June 2023		240,897	11,300	252,197
<u>Net book value</u>				
At 30 June 2023		240,897	11,300	252,197
At 30 June 2022		224,136	11,100	235,236

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

6 Investment properties (Cont'd)

Information about the Group's leasing activities, including those related to investment properties, is disclosed in Note 25.

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

Description and location	Gross floor area (sq.m)	Tenure	Net book value (at valuation)	
			30 June 2023 RMB'000	30 June 2022 RMB'000
Buildings				
<u>The Group</u>				
<u>Fujian Wangsheng Industrial Co., Ltd.</u>				
Factory and office building located at No. 300 Houyu Jingxi Town, Minhou County, Fuzhou City Fujian Province, The PRC	31,291 (2022 - 31,291)	41 years leasehold up to 23.06.2052	147,200	144,500
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	18,332 (2022 - 15,871)	50 years leasehold up to 29.07.2062	78,765	66,255
<u>Zhangping Fengwang Agricultural Products Co., Ltd.</u>				
Luoan Food Industrial Park, Houfu Village, Guilin Street, Zhangping City Fujian Province, The PRC	– (2022 - 900)	50 years leasehold up to 18.04.2063	– ^[2]	470
<u>Nanping Yuanwang Foods Co., Ltd.</u>				
Warehouse and shophouse located at No. 2 Shengfeng Road Liantang Town, Pucheng County, Nanping City, Fujian Province, The PRC	8,032 (2022 - 7,810)	41 years leasehold up to 26.01.2046	– ^[1]	– ^[1]
Factory and office building located No. 2 Shengfeng Road Liantang Town, Pucheng County Nanping City Fujian Province, The PRC	5,679 (2022 - 5,437)	41 years leasehold up to 26.01.2046	6,376	5,226
<u>The Company</u>				
20 Cecil Street #06-02 PLUS Singapore 049705	48 (2022 - 48)	99 years leasehold up to 07.12.2088	8,556	7,685
At fair value			240,897	224,136

^[1] Relates to leasehold properties with a total gross floor area of approximately 7,810 sqm where there were no real estate title certificates. These investment properties have been fully written off to profit or loss since 30 June 2018.

^[2] All assets were subject to Compulsory Acquisition which was completed in May 2023 (Note 4(a)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

6 Investment properties (Cont'd)

- (a) The investment properties as at the end of the reporting period comprise: (Cont'd)

Details of the land use rights in the Group's investment properties as at 30 June 2022 and 2023 are as follows:

Location	Acquired from	Land area (sq.m)	Tenure	Net book value (at valuation)	
				30 June 2023 RMB'000	30 June 2022 RMB'000
Land					
<u>Fujian Wangsheng Industrial Co., Ltd.</u>					
No. 300 Houyu, Jingxi Town, Minhou County Fuzhou City Fujian Province, The PRC	Land and Resources Bureau of Minhou County	22,833 (2022 - 22,833)	41 years leasehold up to 23.06.2052	11,300	11,100

- (b) Investment properties are carried at fair value as at 30 June 2023 as determined by the independent professional valuers, Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. and Savills Valuation and Professional Services Limited. The valuers have considered possible valuation techniques including the direct comparable method and income capitalisation approach in arriving at the open market value for the reporting period.

In the case of the direct comparable method, it 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.

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 valuers.

Details of valuation methods and key assumptions used in estimating the fair values of investment properties are set out in Note 27.6.

- (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 is as follows:

	Note	The Company		The Group	
		30 June 2023 RMB'000 (at valuation)	30 June 2022 RMB'000 (at valuation)	30 June 2023 RMB'000 (at valuation)	30 June 2022 RMB'000 (at valuation)
<u>Carrying amount</u>					
Office unit 20 Cecil Street #06-02	14	8,556	7,685	8,556	7,685

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

6 Investment properties (Cont'd)

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

The Group	Note	30 June 2023 RMB'000	30 June 2022 RMB'000
Rental income	18	11,048	9,124
Direct operating expenses arising from investment properties that generate rental income		(454)	(570)
Direct operating expenses arising from investment properties that do not generate rental income		(22)	(28)

7 Investments in subsidiaries

The Company	30 June 2023 RMB'000	30 June 2022 RMB'000
Unquoted equity investments, at cost	163,975	163,975
<u>Impairment loss on investment in a subsidiary</u>		
Balance at beginning of year	(16,195)	(10,218)
Impairment loss for the year	-	(5,977)
Reversal of impairment loss	6,509	-
Balance at end of year	(9,686)	(16,195)
	154,289	147,780

As at 30 June 2023, the Company assessed the carrying amounts of its investments in subsidiaries for indicators of impairment and carried out a review on the recoverable amounts of its investments in subsidiaries. Under this assessment, the Company reversed impairment loss for a sum of RMB 6,509,000 (2022 - impairment loss of RMB 5,977,000). The recoverable amounts of these investments based on fair value less cost of disposal are determined using the revalued net assets of the subsidiaries as at the reporting date under the fair value hierarchy Level 3 measurement. The most significant input into this valuation approach is the selling price per square metre of the properties held by these subsidiaries.

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 2023 RMB'000	30 June 2022 RMB'000	30 June 2023 %	30 June 2022 %	
<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	100	100	Production, sales of processed food products and rental revenue from investment properties
Nanping Yuanwang Foods Co., Ltd. ("Yuanwang") * (南平市元旺食品有限公司)	PRC	14,213	14,213	100	100	Rental revenue from investment properties

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

7 Investments in subsidiaries (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 2023	30 June 2022	30 June 2023	30 June 2022	
		RMB'000	RMB'000	%	%	
Held by Fujian Wangsheng Industrial Co., Ltd. Zhangping Fengwang Agricultural Products Co., Ltd. ("Fengwang") * (漳平市丰旺农产品有限公司)	PRC	-	-	100	100	Rental revenue from investment properties (Deregistered on 8 August 2023)
Feng Zhi Qiu International Holdings Co., Ltd. (Hong Kong Special Administrative Region) ("Fengzhiqiu") * (丰之秋国际控股有限公司)	Hong Kong	-	-	100	100	Sale of processed food products (Became inactive from August 2022)
		163,975	163,975			

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

8 Inventories

	30 June 2023	30 June 2022
	RMB'000	RMB'000
The Group		
At cost:		
Finished goods	1,158	4,271
Goods in transit	774	2,485
Raw materials	2,664	8,956
	4,596	15,712
Cost of inventories included in cost of sales	33,646	50,634

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

9 Trade and other receivables

	The Company		The Group	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (gross)	-	-	4,936	4,064
Less: Bad debt written off	-	-	(73)	-
Trade receivables (net)	-	-	4,863	4,064
Other receivables				
- third parties	47	22	77	84
Non-trade amounts owing by a subsidiary	167,568	171,393	-	-
VAT receivable	-	-	3,861	5,246
Advances to suppliers	-	-	14	7
	167,615	171,415	3,952	5,337
Total trade and other receivables	167,615	171,415	8,815	9,401

Trade receivables for sales made to customers are due within 180 day terms and do not bear any interest. All trade receivables are subject to credit risk exposure. The Group has no other significant concentration of credit risk other than as at 30 June 2023, the largest trade receivable represents approximately 67% (2022 - 52%) of the total trade receivables at the end of the reporting period.

The non-trade amounts due from a subsidiary represent advances which are unsecured, non-interest bearing and are repayable when cash flows of the borrower permits.

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.

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	136,353	136,353	7,830	6,315
Singapore dollar	18,546	18,722	47	22
United States dollar	12,716	16,340	938	3,064
	167,615	171,415	8,815	9,401

The Group's other receivables of RMB 91,000 (2022 - RMB 91,000) (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 27.3.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

10 Prepayments

	The Company		The Group	
	30 June 2023 RMB'000	30 June 2022 RMB'000	30 June 2023 RMB'000	30 June 2022 RMB'000
Prepaid other operating expenses	91	61	91	61

11 Cash and bank balances

	The Company		The Group	
	30 June 2023 RMB'000	30 June 2022 RMB'000	30 June 2023 RMB'000	30 June 2022 RMB'000
Cash on hand	–	–	43	25
Bank balances	72	161	27,941	17,763
	72	161	27,984	17,788

RMB is not freely convertible into foreign currencies and the remittance of these funds are maintained with banks in the PRC by the Group. As at 30 June 2023, funds amounting to RMB 27,900,000 (2022 - RMB 16,979,000) is subject to currency exchange restriction or remittance restriction.

Cash and bank balances are denominated in the following currencies:

	The Company		The Group	
	30 June 2023 RMB'000	30 June 2022 RMB'000	30 June 2023 RMB'000	30 June 2022 RMB'000
Chinese renminbi	–	–	27,720	11,553
Hong Kong dollar	–	–	12	–*
Singapore dollar	40	142	40	147
United States dollar	32	19	212	6,088
	72	161	27,984	17,788

* Represents amount less than RMB 1,000.

Further details of the Group's financial risk management and credit risk are disclosed in Note 27.3.

12 Share capital

	Number of ordinary shares		Amount	
	30 June 2023 '000	30 June 2022 '000	30 June 2023 RMB'000	30 June 2022 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	322,210	322,210

Per Accounting and Corporate Regulatory Authority ("ACRA") registered records, the gross issued and paid up capital as at 30 June 2023 is S\$ 69,312,309 (2022 - 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

13 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.

(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.

	30 June 2023	30 June 2022
	RMB’000	RMB’000
The Group		
<u>Statutory common reserve</u>		
Balance at beginning of the year	72,449	72,449
Transfer from accumulated losses	109	–
Balance at end of the year	72,558	72,449

(c) Revaluation reserve - non-distributable

Revaluation reserve arises from the revaluation of the leasehold buildings and structural improvements and land use rights at valuation as disclosed in the property, plant and equipment (Note 4) during the financial year.

	Note	30 June 2023	30 June 2022
		RMB’000	RMB’000
The Group			
<u>Revaluation reserve</u>			
Balance at the beginning of the year		43,782	42,805
Movement during the year	20(e)	2,763	977
Transfer to accumulated losses arising from Compulsory Acquisition	4(a)	(1,519)	–
Balance at end of the year		45,026	43,782

(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.

	30 June 2023	30 June 2022
	RMB’000	RMB’000
The Group		
<u>Other reserve</u>		
Balance at beginning and end of year	29,349	29,349

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

14 Bank borrowing

	The Company		The Group	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Secured bank loan:				
Term loan	4,019	4,001	4,019	4,001
Amount repayable:				
Not later than one year	427	327	427	327
Later than one year and not later than five years	1,940	1,308	1,940	1,308
Later than five years	1,652	2,366	1,652	2,366
	3,592	3,674	3,592	3,674
	4,019	4,001	4,019	4,001

The carrying amounts of current and non-current portions of the bank borrowing at market borrowing rates approximate their fair value.

The term loan of S\$ 751,000 or equivalent to RMB 4,019,000 (2022 - S\$ 831,000 or equivalent to RMB 4,001,000) is repayable over 180 monthly instalments commencing from 13 July 2016 with a principal repayment of S\$ 6,712 (2022 - S\$ 7,022) plus any applicable interest.

The loan is secured by a first ranking mortgage in the amount of S\$ 1,600,000 or equivalent to RMB 8,556,000 (2022 - S\$ 1,600,000 or equivalent to RMB 7,685,000) on its legal charge on the investment property - an office unit in Plus Building, Singapore. Refer to Note 6(c) to the financial statements.

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 2023, there are no known instances of any breach of loan covenants.

Interest is charged at a margin plus 3-month compounded SORA. The effective interest rate of the term loan is 3.51% (2022 - 2.06%) per annum.

The table below analyses the maturity profile of the Company and the Group's bank loans based on contractual undiscounted cash flows:

	30 June 2023		30 June 2022	
	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	RMB'000	RMB'000	RMB'000	RMB'000
The Company and the Group				
Amount repayable:				
Not later than one year	427	619	327	492
Later than one year and not later than five years	1,940	2,477	1,308	1,967
Later than five years	1,652	1,732	2,366	2,688
	3,592	4,209	3,674	4,655
	4,019	4,828	4,001	5,147

The Company and the Group manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

Bank borrowing is denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

15 Deferred taxation

	30 June 2023 RMB'000	30 June 2022 RMB'000
The Group		
Deferred tax liabilities		
Balance at beginning of year	31,317	33,973
Movement for the year	1,520	(2,656)
Balance at end of year	32,837	31,317

The balance comprises tax on the following temporary differences:

		Accelerated tax depreciation	Gain on valuation of investment properties	Gain on revaluation of ROU assets	Undistributed earnings of subsidiaries	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
At 1 July 2021		7,721	11,816	10,725	3,711	33,973
Credited to other comprehensive income	20(e)	-	-	(82)	-	(82)
Charged/(credited) to profit or loss	22	1,310	(173)	-	(3,711)	(2,574)
		1,310	(173)	(82)	(3,711)	(2,656)
At 30 June 2022		9,031	11,643	10,643	-	31,317
Charged to other comprehensive income	20(e)	-	-	920	-	920
Charged/(credited) to profit or loss	22	725	(125)	-	-	600
		725	(125)	920	-	1,520
At 30 June 2023		9,756	11,518	11,563	-	32,837

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 on undistributed earnings of subsidiaries 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 temporary differences associated with investments in the Group's subsidiaries for which a deferred tax liability for withholding taxes on undistributed profits has not been recognised totalled RMB 923,000 (2022 - RMB 670,000). The Group has determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

Management determines 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

16 Trade and other payables

	The Company		The Group	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	-	-	1,456	8,240
	-	-	1,456	8,240
Other payables	-	-	-	3,584
Government tax payable	-	-	538	429
Non-trade amount owing to a subsidiary	39,151	38,523	-	-
Accruals	2,491	2,478	3,554	4,709
Rental deposit	45	40	2,531	752
Advances from customers	-	-	474	-
	41,687	41,041	7,097	9,474
Total trade and other payables	41,687	41,041	8,553	17,714

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

Other payables comprised mainly amount owing to contractors for refurbishment work to the leasehold building and accrual for social insurances. During the financial year ended 30 June 2023, a sum of RMB 3,592,000 was reversed for accrual of social insurances no longer required.

The non-trade amount owing to a subsidiary of the Company represents advances which are unsecured, non-interest bearing and are repayable when cash flows of the Company permit.

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

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	39,151	38,523	6,017	15,196
Singapore dollar	2,536	2,518	2,536	2,518
	41,687	41,041	8,553	17,714

17 Revenue

	30 June 2023	30 June 2022
	RMB'000	RMB'000
The Group		
Processed food and food products – point in time	35,869	56,470
Revenue from contracts with customers	35,869	56,470

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

17 Revenue (Cont'd)

Disaggregation of revenue from contracts with customers for sales of goods

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

	At point in time RMB'000	Total RMB'000
2023		
- Japan	34,511	34,511
- PRC	1,358	1,358
	<u>35,869</u>	<u>35,869</u>
	At point in time RMB'000	Total RMB'000
2022		
- Japan	53,885	53,885
- PRC	2,585	2,585
	<u>56,470</u>	<u>56,470</u>

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.

		30 June 2023 RMB'000	30 June 2022 RMB'000
The Group	Note		
Trade receivables	9	4,863	4,064
Advances from customers representing contract liabilities	16	<u>474</u>	<u>-</u>

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:

	30 June 2023 RMB'000	30 June 2022 RMB'000
The Group		
Revenue recognised in current period that is included in the contract liability balance at the beginning of the year	-	36
Increases due to cash received, excluding amounts recognised as revenue during the year	<u>474</u>	<u>-</u>

18 Rental income from investment properties

		30 June 2023 RMB'000	30 June 2022 RMB'000
The Group	Note		
Rental income	6(e)	<u>11,048</u>	<u>9,124</u>

Information about the Group's leasing activities, including those related to investment properties, is disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

19 Other operating income

The Group	Note	30 June 2023 RMB'000	30 June 2022 RMB'000
Exchange gain, net	21	960	463
Government subsidies	(a)	44	222
Interest income	21	131	456
Sale of raw materials	(b)	–	17
Utilities income		138	–
Gain on Compulsory Acquisition	4(a), 21	3,759	–
Reversal of over-accrual of social insurances	21	3,592	–
Miscellaneous income		532	108
		9,156	1,266

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

(b) Sale of raw materials consisted sales of aged stock.

20(a) Selling and distribution expenses

The Group	Note	30 June 2023 RMB'000	30 June 2022 RMB'000
Advertising fee		–	8
Freight charges		563	1,320
Depreciation of property, plant and equipment	4(b)	1	1
Employee benefits costs	20(f)	287	369
Others		58	114
		909	1,812

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

20(b) Administrative expenses

The Group	Note	30 June 2023 RMB'000	30 June 2022 RMB'000
Audit fees:			
- auditors of the Company	21	795	980
Non-audit fees:			
- Audit-related services			
- auditors of the Company			
- in respect of current year	21	342	258
- under-accrual in respect of prior year	21	227	-
		569	258
Amortisation of intangible assets	5	19	24
Depreciation of property, plant and equipment	4(b)	2,514	1,547
Directors' fees	21	937	1,042
Employee benefits costs	20(f)	5,045	5,934
Entertainment expense		301	259
Legal and professional fees		357	542
Repair and maintenance		531	346
Stamp duty and other taxes		23	21
Transport expenses		148	40
Utilities		21	567
Others		1,396	1,347
		12,656	12,907

20(c) Other operating expenses

The Group	Note	30 June 2023 RMB'000	30 June 2022 RMB'000
Cost of sale of raw materials		-	12
Bad debt written off	9	73	-
Fair value loss on investment properties	6	499	688
Property, plant and equipment written off	4	1	3
Loss on disposal of property, plant and equipment		194	-
Others		140	452
		907	1,155

20(d) Finance costs

The Group	30 June 2023 RMB'000	30 June 2022 RMB'000
Interest expense on bank loans	155	122

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

20(e) Other comprehensive income, net of tax

	Note	30 June 2023		
		Before tax RMB'000	Tax expense RMB'000	Net of tax RMB'000
The Group				
Revaluation gain on leasehold buildings and structural improvements	4, 13(c)	<u>3,683</u>	<u>(920)</u>	<u>2,763</u>
		30 June 2022		
		Before tax RMB'000	Tax expense RMB'000	Net of tax RMB'000
The Group				
Revaluation gain on leasehold buildings and structural improvements	4, 13(c)	<u>895</u>	<u>82</u>	<u>977</u>

20(f) Employee benefits costs

	30 June 2023 RMB'000	30 June 2022 RMB'000
The Group		
Directors' remuneration:		
- Directors of the subsidiaries:		
- salaries and related costs	538	667
- defined contributions	35	39
Key management personnel (other than directors):		
- salaries and related costs	1,218	918
- defined contributions	92	80
Other than directors and key management personnel:		
- salaries and related costs	9,554	13,260
- defined contributions	272	341
	<u>11,709</u>	<u>15,305</u>

Employee benefits costs are charged to:

		30 June 2023 RMB'000	30 June 2022 RMB'000
The Group	Note		
Cost of sales		6,377	9,002
Selling and distribution expenses	20(a)	287	369
Administrative expenses	20(b)	5,045	5,934
		<u>11,709</u>	<u>15,305</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

21 Profit before taxation

The Group	Note	30 June 2023 RMB'000	30 June 2022 RMB'000
Profit before taxation has been arrived at after charging:			
Depreciation of property, plant and equipment	4	3,155	2,764
Amortisation of intangible assets	5	19	24
Bad debt written off	9	73	–
Directors' fee	20(b)	937	1,042
Employee benefits costs	20(f)	11,709	15,305
Audit fees:			
- auditors of the Company	20(b)	795	980
Non-audit fees:			
- Audit-related services			
- auditors of the Company			
- in respect of current year	20(b)	342	258
- under-accrual in respect of prior year	20(b)	227	–
		569	258
Fair value loss of investment properties	6	499	688
Loss on disposal of property, plant and equipment	20(c)	194	–
Property, plant and equipment written off	4	1	3
and (crediting):			
Exchange gain, net	19	(960)	(463)
Gain on Compulsory Acquisition	19	(3,759)	–
Interest income	19	(131)	(456)
Reversal of over-accrual of social insurances	19	(3,592)	–

22 Taxation

The Group	Note	30 June 2023 RMB'000	30 June 2022 RMB'000
Current taxation			
- Current financial year		1,648	216
		1,648	216
Deferred taxation			
- Current financial year		600	1,137
- In respect of prior year		–	(3,711)
	15	600	(2,574)
Tax credit		2,248	(2,358)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

22 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 2023	30 June 2022
	RMB'000	RMB'000
Profit before taxation	7,800	230
Income tax calculated at the applicable tax rate in PRC where the Group's taxable income is mainly derived	1,950	58
Tax effect on non-taxable income ^(a)	(1,272)	(619)
Tax effect on non-deductible expenses ^(b)	1,276	2,110
Effect of different tax rates	293	338
Deferred tax asset not recognised	-	83
Over provision of deferred tax liabilities in respect of prior year	-	(3,711)
Others	1	(617)
	2,248	(2,358)

(a) Income not subject to tax relate mainly to reversal of over-accrual of social insurances, foreign exchange differences arising from financial instruments and other income not subject to tax.

(b) Expenses not deductible for tax purposes relate mainly to depreciation and amortisation of non-qualifying assets, fair value changes in investment properties and other disallowed expenses incurred in the ordinary course of business.

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:

	<u>Tax rate</u>
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. Fengwang was deregistered on 8 August 2023.

The Group has unabsorbed tax losses belonging to certain subsidiaries amounting to approximately RMB 22,985,000 (2022 - RMB 28,389,000), which are subject to agreement with the relevant tax authorities. These unabsorbed tax losses can be carried forward for offsetting against future taxable income provided that the provisions of the relevant tax legislations are complied with. These unabsorbed losses cannot be allowed to offset the taxable profits of other subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

22 Taxation (Cont'd)

The tax losses will expire as follows:

The Group	30 June 2023 RMB'000	30 June 2022 RMB'000
Year 2023	-	-
Year 2024	21,549	25,165
Year 2025	-	-
Year 2026	1,039	2,889
Year 2027	397	335
Year 2028	-	-
	22,985	28,389

No deferred tax asset has been recognised for RMB 5,746,000 (2022 - RMB 7,097,000) due to the unpredictability of future profit streams.

23 Earnings per share

The Group	30 June 2023 RMB'000	30 June 2022 RMB'000
Net profit attributable to equity holders of the Company	5,552	2,588

Weighted average number of ordinary shares outstanding for the purpose of diluted earnings per share

	30 June 2023 '000	30 June 2022 '000
	176,798	176,798

The Group	30 June 2023 RMB	30 June 2022 RMB
Basic earnings per share (cents)	3.1	1.5
Diluted earnings per share (cents)	3.1	1.5

Basic earnings per share

Basic earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (for the purpose of basic earnings 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 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 year.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

24 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:

	30 June 2023	30 June 2022
	RMB'000	RMB'000
The Company		
Advances from a subsidiary	4,453	3,475
Advances to a subsidiary	-	(961)

25 Commitments

(i) Operating lease commitment (non-cancellable)

Where Group is the lessor

Investment properties

Operating leases, in which the Group is the lessor, relate to investment properties (Note 6) owned by the Group with lease terms of between 1 to 5 years with one-year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The Group's revenue from rental income from the investment properties is disclosed in Note 18.

The future minimum rental receivable under non-cancellable leases contracted for at the reporting date are as follows:

	The Company		The Group	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Undiscounted lease payments to be received:</u>				
- Year 1	222	240	14,646	8,676
- Year 2	-	200	9,238	274
- Year 3	-	-	5,217	80
- Year 4	-	-	1,931	82
- Year 5	-	-	43	34
	222	440	31,075	9,146

(ii) Capital commitments

There is no capital commitment contracted but not provided for in the consolidated financial statements as at 30 June 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

26 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 operating profit or loss which is similar to the accounting profit or loss.

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

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

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

Allocation basis and transfer pricing

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

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

Business segments

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

- *Processed food products*

The processed food products segment comprises processed vegetable products and dietary fibre food products.

- *Investment properties*

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

- *Corporate*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

26 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 2023 and 30 June 2022:

FY2023	Investment properties RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
Revenue				
- Sale of goods	-	35,869	-	35,869
- Rental income from investment properties	11,048	-	-	11,048
Segment results	8,284	(2,662)	(4,455)	1,167
Interest income	-	131	-	131
Gain on Compulsory Acquisition	480	3,279	-	3,759
Reversal of over-accrual of social insurances	-	3,592	-	3,592
Fair value loss on investment properties	(499)	-	-	(499)
Property, plant and equipment written off	-	(1)	-	(1)
Loss on disposal of property, plant and equipment	-	(194)	-	(194)
Finance costs	(155)	-	-	(155)
Profit/(loss) before taxation	8,110	4,145	(4,455)	7,800
Taxation	(2,460)	212	-	(2,248)
Profit/(loss) after taxation	5,650	4,357	(4,455)	5,552
Other segment items				
Capital expenditure				
- Property, plant and equipment	-	829	-	829
- Investment properties	6,569	-	-	6,569
Depreciation and amortisation	-	(3,174)	-	(3,174)
Segment assets	253,730	81,076	210	335,016
Segment liabilities	6,551	2,992	2,491	12,034

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

26 Statement of operations by segments (Cont'd)

(a) Business segments (Cont'd)

FY2022	Investment properties RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
Revenue				
- Sale of goods	-	56,470	-	56,470
- Rental income from investment properties	9,124	-	-	9,124
Segment results	6,499	(1,504)	(4,408)	587
Interest income	-	456	-	456
Fair value loss on investment properties	(688)	-	-	(688)
Property, plant and equipment written off	-	(3)	-	(3)
Finance costs	(86)	(36)	-	(122)
Profit/(loss) before taxation	5,725	(1,087)	(4,408)	230
Taxation	2,386	(28)	-	2,358
Profit/(loss) after taxation	8,111	(1,115)	(4,408)	2,588
Other segment items				
Capital expenditure				
- Property, plant and equipment	-	5,794	-	5,794
- Investment properties	6,768	-	-	6,768
Depreciation and amortisation	-	(2,788)	-	(2,788)
Segment assets	236,173	95,408	243	331,824
Segment liabilities	4,754	14,054	2,478	21,286

(b) Geographical segments

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

	30 June 2023 RMB'000	30 June 2022 RMB'000
The Group		
Revenue - sale of goods		
- Japan	34,511	53,885
- The People's Republic of China ("PRC")	1,358	2,585
	35,869	56,470
Revenue - rental income from investment properties		
- PRC	10,792	8,867
- Singapore	256	257
	11,048	9,124

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

26 Statement of operations by segments (Cont'd)

(b) Geographical segments (Cont'd)

The following table shows the non-current assets by the geographical area in which the assets are located:

	30 June 2023	30 June 2022
	RMB'000	RMB'000
The Group		
Non-current assets		
- PRC	288,835	286,423
- Singapore	8,556	7,685
	297,391	294,108

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

	30 June 2023	30 June 2022
	RMB'000	RMB'000
The Group		
Reportable segments' assets are reconciled to total assets:		
Segment assets	335,016	331,824
VAT receivable	3,861	5,246
	338,877	337,070
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	12,034	21,286
Deferred tax liabilities	32,837	31,317
Current income tax payable	1,115	-
Government tax payable	538	429
	46,524	53,032

(d) Information about major customers

The revenue from one customer of the Group's processed food products segment amounted to approximately RMB 27,409,000 (2022 - RMB 44,221,000) and accounted for 76% (2022 - 78%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies

The Group has formal 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 2023 and 30 June 2022, the Group's financial instruments mainly consisted of cash and bank balances, financial assets and financial liabilities.

27.1 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.

The Company's currency exposures based on the information provided to key management are as follows:

		Singapore Dollar RMB'000	United States Dollar RMB'000	Total RMB'000
The Company	Note			
30 June 2023				
Trade and other receivables	9	18,546	12,716	31,262
Cash and bank balances	11	40	32	72
		<u>18,586</u>	<u>12,748</u>	<u>31,334</u>
Trade and other payables	16	(2,536)	–	(2,536)
Bank borrowings	14	(4,019)	–	(4,019)
		<u>(6,555)</u>	<u>–</u>	<u>(6,555)</u>
30 June 2022				
Trade and other receivables	9	18,722	16,340	35,062
Cash and bank balances	11	142	19	161
		<u>18,864</u>	<u>16,359</u>	<u>35,223</u>
Trade and other payables	16	(2,518)	–	(2,518)
Bank borrowings	14	(4,001)	–	(4,001)
		<u>(6,519)</u>	<u>–</u>	<u>(6,519)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.1 Foreign currency risk (Cont'd)

The Group's currency exposures based on the information provided to key management are as follows:

The Group	Note	Singapore dollar RMB'000	United States dollar RMB'000	Total RMB'000
30 June 2023				
Trade and other receivables	9	47	938	985
Cash and bank balances	11	40	212	252
		87	1,150	1,237
Trade and other payables	16	(2,536)	–	(2,536)
Bank borrowings	14	(4,019)	–	(4,019)
		(6,555)	–	(6,555)
30 June 2022				
Trade and other receivables	9	22	3,064	3,086
Cash and bank balances	11	147	6,088	6,235
		169	9,152	9,321
Trade and other payables	16	(2,518)	–	(2,518)
Bank borrowings	14	(4,001)	–	(4,001)
		(6,519)	–	(6,519)

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.

The Company	30 June 2023		30 June 2022	
	Profit/(loss) net of tax RMB'000	Equity RMB'000	Profit/(loss) net of tax RMB'000	Equity RMB'000
	Increase/(Decrease)		Increase/(Decrease)	
<u>Singapore dollar</u>				
- strengthened 5% (2022 - 5%)	499	499	512	512
- weakened 5% (2022 - 5%)	(499)	(499)	(512)	(512)
<u>United States dollar</u>				
- strengthened 5% (2022 - 5%)	529	529	679	679
- weakened 5% (2022 - 5%)	(529)	(529)	(679)	(679)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.1 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

The Group	30 June 2023		30 June 2022	
	Profit/(loss) net of tax	Equity	Profit/(loss) net of tax	Equity
	RMB'000	RMB'000	RMB'000	RMB'000
	Increase/(Decrease)		Increase/(Decrease)	
<u>Singapore dollar</u>				
- strengthened 5% (2022 - 5%)	(243)	(243)	(238)	(238)
- weakened 5% (2022 - 5%)	243	243	238	238
<u>United States dollar</u>				
- strengthened 5% (2022 - 5%)	43	43	343	343
- weakened 5% (2022 - 5%)	(43)	(43)	(343)	(343)

27.2 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 exposures 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 2023					
Floating rate					
Bank borrowings	(427)	(485)	(485)	(2,622)	(4,019)
Cash and bank balances	72	-	-	-	72
30 June 2022					
Floating rate					
Bank borrowings	(327)	(327)	(327)	(3,020)	(4,001)
Cash and bank balances	161	-	-	-	161

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.2 Interest rate risk (Cont'd)

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 2023					
Floating rate					
Bank borrowings	(427)	(485)	(485)	(2,622)	(4,019)
Cash and bank balances	27,984	-	-	-	27,984
30 June 2022					
Floating rate					
Bank borrowings	(327)	(327)	(327)	(3,020)	(4,001)
Cash and bank balances	17,788	-	-	-	17,788

27.3 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 is 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 2023 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.3 Credit risk (Cont'd)

Exposure to credit risk

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.

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2023 and 2022 are set out in the provision matrix as follows:

30 June 2023	Current RMB'000	Past due				Total RMB'000
		Within 30 days RMB'000	31 to 60 days RMB'000	61 to 90 days RMB'000	More than 90 days RMB'000	
The Group						
<i>ECL rate (%)</i>	0%	0%	0%	0%	0%	
Processed food <u>products</u>						
Trade receivables - Gross	4,358	298	147	57	3	4,863
Loss allowance	-	-	-	-	-	-

30 June 2022	Current RMB'000	Past due				Total RMB'000
		Within 30 days RMB'000	31 to 60 days RMB'000	61 to 90 days RMB'000	More than 90 days RMB'000	
The Group						
<i>ECL rate (%)</i>	0%	0%	0%	0%	0%	
Processed food <u>products</u>						
Trade receivables - Gross	3,991	-	-	-	73	4,064
Loss allowance	-	-	-	-	-	-

The Group has evaluated the credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2023 at RMB Nil (2022 - RMB Nil) as most of the trade receivables have been settled within a short period of time (within 90 days) subsequent to the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.3 Credit risk (Cont'd)

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.

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

These trade receivables are creditworthy counterparties with good track record of credit history. Other than as disclosed in Note 9 to the financial statements, management believes that no additional credit risk lies in the Group's trade and other receivables.

Other receivables and amount due from subsidiaries

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 on the basis that the timing of payment is closely monitored and principally controlled by the Company. Accordingly, the Group measured the impairment loss allowance using 12-month 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 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.4 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 internally generated cash flows and available cash to finance their activities.

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:

	Less than 1 year RMB'000	Between 1 to 5 years RMB'000	Above 5 years RMB'000	Total RMB'000
The Company				
As at 30 June 2023				
Trade and other payables	41,687	–	–	41,687
Bank borrowings	619	2,477	1,732	4,828
	<u>42,306</u>	<u>2,477</u>	<u>1,732</u>	<u>46,515</u>
As at 30 June 2022				
Trade and other payables	41,041	–	–	41,041
Bank borrowings	492	1,967	2,688	5,147
	<u>41,533</u>	<u>1,967</u>	<u>2,688</u>	<u>46,188</u>
The Group				
As at 30 June 2023				
Trade and other payables (less VAT and government tax)	8,014	–	–	8,014
Bank borrowings	619	2,477	1,732	4,828
	<u>8,633</u>	<u>2,477</u>	<u>1,732</u>	<u>12,842</u>
As at 30 June 2022				
Trade and other payables (less VAT and government tax)	17,285	–	–	17,285
Bank borrowings	492	1,967	2,688	5,147
	<u>17,777</u>	<u>1,967</u>	<u>2,688</u>	<u>22,432</u>

The Group has no unutilised bank credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.5 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.

27.6 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.

The carrying amount of financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Company and the Group do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

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.

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

The Company	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
30 June 2023				
<u>Non-financial assets</u>				
Investment properties	–	–	8,556	8,556
30 June 2022				
<u>Non-financial assets</u>				
Investment properties	–	–	7,685	7,685

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.6 Fair value measurements (Cont'd)

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
30 June 2023				
<u>Non-financial assets</u>				
Investment properties:				
- Leasehold buildings	-	-	240,897	240,897
- Land use rights	-	-	11,300	11,300
Property, plant and equipment:				
- Leasehold buildings and structural improvements	-	-	28,389	28,389
- Land use rights	-	-	11,410	11,410
30 June 2022				
<u>Non-financial assets</u>				
Investment properties:				
- Leasehold buildings	-	-	224,136	224,136
- Land use rights	-	-	11,100	11,100
Property, plant and equipment:				
- Leasehold buildings and structural improvements	-	-	39,279	39,279
- Land use rights	-	-	13,200	13,200

There are no transfers into or out of fair value hierarchy levels for financial years ended 30 June 2023 and 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.6 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 presents its analysis and results of the external valuations to the Audit Committee on a yearly basis. The Audit Committee is involved in understanding the valuation process between the management and the independent valuer.

Fair value measurement of non-financial assets

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of investment properties and right-of-use assets, 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		Inter-relationship of key unobservable inputs and fair value
			30 June 2023	30 June 2022	
<u>Leasehold buildings and structural improvements and Investment properties</u>					
<u>The Group</u>					
<u>Fujian Wangsheng Industrial Co., Ltd.</u> Factory and office building located at No. 300 Houyu Jingxi Town, Minhou County, Fuzhou City Fujian Province, The PRC	Income approach	Capitalisation Rate	4.50% to 5.00%	4.50% to 5.00%	The higher the capitalisation rate, the lower the fair value
		Vacancy Rate	0%	0%	The higher the vacancy rate, the lower the fair value
		Monthly Market Rent (per Sqm)	RMB 28.0/ month	RMB 27.5/ month	The higher the market rent, the higher the fair value
<u>Fujian Wangsheng Industrial Co., Ltd.</u> 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	Capitalisation Rate	4.50% to 5.00%	4.50% to 5.00%	The higher the capitalisation rate, the lower the fair value
		Vacancy Rate	0%	0%	The higher the vacancy rate, the lower the fair value
		Monthly Market Rent (per Sqm)	RMB 22.2/ month	RMB 22.4/ month	The higher the market rent, the higher the fair value
<u>Zhangping Fengwang Agricultural Products Co., Ltd.</u> Luoan Food Industrial Park, Houfu Village, Guilin Street, Zhangping City Fujian Province, The PRC	Income approach	Capitalisation Rate	5.00% to 5.50%*	5.00% to 5.50%	The higher the capitalisation rate, the lower the fair value
		Vacancy Rate	0%*	0%	The higher the vacancy rate, the lower the fair value
		Monthly Market Rent (per Sqm)	RMB 4.9/ month*	RMB 4.8/ month	The higher the market rent, the higher the fair value

*Date of valuation as of 7 March 2023. All assets were subject to Compulsory Acquisition which was completed in May 2023 (Note 4(a)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

27 Financial risk management objectives and policies (Cont'd)

27.6 Fair value measurements (Cont'd)

Fair value measurement of non-financial assets (Cont'd)

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs		Inter-relationship of key unobservable inputs and fair value
			30 June 2023	30 June 2022	
<u>Leasehold buildings and structural improvements and Investment properties</u>					
<u>Nanping Yuanwang Foods Co., Ltd.</u> Warehouse and shophouse located at No. 2 Shengfeng Road, Liantang Town, Pucheng County, Nanping City Fujian Province, The PRC	Income approach	Capitalisation Rate	5.00% to 5.50%	5.00% to 5.50%	The higher the capitalisation rate, the lower the fair value
		Vacancy Rate	0%	0%	The higher the vacancy rate, the lower the fair value
		Monthly Market Rent (per Sqm)	RMB 7.1/ month	RMB 6.4/ month	The higher the market rent, the higher the fair value
<u>The Company</u> 20 Cecil Street #06-02 PLUS Singapore 049705	Market approach Comparison Method	Transacted price of comparable properties (per Sqm)	RMB 178,100 or equivalent to S\$33,300 per sqm	RMB 160,100 or equivalent to S\$33,300 per sqm	The estimated fair value would increase/decrease if the transacted price of comparable properties was higher/lower

28 Dividends

At the forthcoming Annual General Meeting, a final exempt (one-tier) dividend of RMB 1.13 cents per ordinary share amounting to a total of RMB 1,997,819 will be proposed. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

29 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 2023 and 2022.

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 12 and 13 to the financial statements.

As disclosed in Note 13(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 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

29 Capital management (Cont'd)

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.

	Note	The Company		The Group	
		30 June 2023 RMB'000	30 June 2022 RMB'000	30 June 2023 RMB'000	30 June 2022 RMB'000
Trade and other payables	16	41,687	41,041	8,553	17,714
Bank borrowings	14	4,019	4,001	4,019	4,001
		45,706	45,042	12,572	21,715
Less: Cash and bank balances	11	(72)	(161)	(27,984)	(17,788)
Net debt		45,634	44,881	(15,412)	3,927
Equity attributable to the equity holders of the Company		284,917	282,060	292,353	284,038
Total capital		330,551	326,941	276,941	287,965
Gearing ratio		13.8%	13.7%	–*	1.36%

*Not meaningful.

30 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 Company		The Group	
	30 June 2023 RMB'000	30 June 2022 RMB'000	30 June 2023 RMB'000	30 June 2022 RMB'000
The Group				
<u>Financial assets, at amortised cost</u>				
Trade and other receivables, excluding advances to suppliers and VAT receivable (Note 9)	167,615	171,415	4,940	4,148
Cash and cash equivalents (Note 11)	72	161	27,984	17,788
	167,687	171,576	32,924	21,936
<u>Financial liabilities, at amortised cost</u>				
Trade and other payables, excluding government tax payable (Note 16)	41,687	41,041	8,015	17,285
Borrowing (Note 14)	4,019	4,001	4,019	4,001
	45,706	45,042	12,034	21,286

STATISTICS OF SHAREHOLDINGS

As at 18 September 2023

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	12	1.03	700	0.00
100 – 1,000	177	15.25	83,740	0.05
1,001 – 10,000	600	51.68	2,788,820	1.58
10,001 - 1,000,000	360	31.01	16,956,165	9.59
1,000,001 and above	12	1.03	156,968,739	88.78
GRAND TOTAL	1,161	100.00	176,798,164	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	NAME	DIRECT INTEREST		DEEMED INTEREST	
		NO. OF SHARES	%	NO. OF SHARES	%
1.	Sanwang International Holdings Limited ⁽¹⁾	–	–	62,931,015	35.59
2.	Chen Qiu hai ⁽¹⁾	–	–	62,931,015	35.59
3.	Goi Seng Hui	32,966,661	18.65	–	–
4.	Envictus International Holdings Limited	18,450,320	10.44	–	–
5.	Wang Haihua ⁽²⁾	–	–	14,620,013	8.27

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 Qiu hai. Accordingly, Mr Chen Qiu hai is deemed to be interested 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) Wang Haihua is deemed to be interested in 14,620,013 ordinary shares held under the nominee account, Phillip Securities Pte. Ltd.

STATISTICS OF SHAREHOLDINGS

As at 18 September 2023

TWENTY LARGEST SHAREHOLDERS

NO	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1.	UOB KAY HIAN PRIVATE LIMITED	66,449,015	37.58
2.	GOI SENG HUI	32,966,661	18.65
3.	ENVICTUS INTERNATIONAL HOLDINGS LIMITED	18,450,320	10.44
4.	PHILLIP SECURITIES PTE LTD	17,006,513	9.62
5.	CHEW GHIM BOK	5,922,600	3.35
6.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,118,330	2.33
7.	CHIA KEE KOON	2,738,600	1.55
8.	CITIBANK NOMINEES SINGAPORE PTE LTD	2,500,100	1.41
9.	OCBC SECURITIES PRIVATE LIMITED	2,454,300	1.39
10.	LIM & TAN SECURITIES PTE LTD	2,060,000	1.17
11.	KOH BOON HWEE	1,260,000	0.71
12.	DBS NOMINEES (PRIVATE) LIMITED	1,042,300	0.59
13.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	602,400	0.34
14.	WONG YIN MUI	465,000	0.26
15.	LEE SUI HEE	450,000	0.25
16.	MAYBANK SECURITIES PTE. LTD.	442,000	0.25
17.	LEE WEE KIAT	426,000	0.24
18.	YUEN CHEE KHUEN	347,000	0.20
19.	HO SHIEN FOON	331,400	0.19
20.	ABN AMRO CLEARING BANK N.V.	277,000	0.16
	TOTAL	160,309,539	90.68

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

As at 18 September 2023, 26.90% 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 OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of YAMADA GREEN RESOURCES LIMITED (the “Company”) will be held at Hotel Royal, Royal Room 1, Level 3, 36 Newton Rd, Singapore 307964 on 30 October 2023 at 9:30 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 2023 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final tax exempt dividend of RMB 1.13 cents per ordinary share for the financial year ended 30 June 2023. **(Resolution 2)**
3. To re-elect Mr Liu Yi who is retiring pursuant to Regulation 91 of the Constitution of the Company. [See Explanatory Note (i)] **(Resolution 3)**
4. To re-elect Ms Chen Ying who is retiring pursuant to Regulation 91 of the Constitution of the Company. [See Explanatory Note (ii)] **(Resolution 4)**
5. To approve the payment of Directors’ fee of S\$180,000 for the financial year ending 30 June 2024, to be paid half yearly in arrears. [FY2023: S\$220,000]. **(Resolution 5)**
6. 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 6)**
7. 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:

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act 1967 (“**Companies Act**”), 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,

NOTICE OF ANNUAL GENERAL MEETING

(the “Share Issue Mandate”), provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant 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 (50.0%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 (20.0%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) 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 7)

9. Proposed adoption of the Share Purchase Mandate

That for the purposes of Sections 76C and 76E of the Companies Act, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire ordinary shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10.0%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix to this Notice of Annual General Meeting dated 13 October 2023 (the “Appendix”), in accordance with the terms of the Share Purchase Mandate set out in the Appendix, and the Share Purchase Mandate shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of (i) the next Annual General Meeting of the Company, (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which Share Purchases are carried out to the full extent mandated, whichever is earliest.

[See Explanatory Note (iv)]

(Resolution 8)

By Order of the Board

Mr Wong Chee Meng Lawrence
Company Secretary
Singapore, 13 October 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- i. Mr Liu Yi will, upon re-election as a Director, remain as the Independent Non-Executive Chairman of the Company, the Chairman of the Remuneration Committee, and a member of the Audit and Nominating Committees. Mr Liu 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. Ms Chen Ying will, upon re-election as a Director, remain as the Executive Director of the Company.
- iii. Resolution 7, 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 and subsidiary holdings) 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 and subsidiary holdings) 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. Ordinary Resolution 8 proposed in item 9 above, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting until 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, or the date on which the authority contained in the Share Purchase Mandate is varied or revoked by the Company in a general meeting or the date on which Share Purchases are carried out to the full extent mandated, whichever is the earliest, to purchase or otherwise acquire ordinary shares in the capital of the Company by way of market purchases or off-market purchases on an equal access scheme of up to ten per centum (10.0%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the price of up to but not exceeding the Maximum Price as defined in the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Company for the financial year ended 30 June 2023 are set out in greater detail in the Appendix.

Notes:

1. The Annual General Meeting of the Company will be held, in a wholly physical format at Hotel Royal, Royal Room 1, Level 3, 36 Newton Rd, Singapore 307964, on 30 October 2023 at 9:30 a.m. (the “AGM”). There will be no option for members to participate virtually. Printed copies of documents relating to the business of the AGM, which comprise the Company’s annual report for the financial year ended 30 June 2023 (save for this Notice of AGM and the accompanying proxy form for the AGM) will not be sent to members of the Company. Instead, such documents will be made available to members of the Company solely by electronic means via publication on (i) the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>; and (ii) the Company’s website at the URL <http://www.yamada-green.com/>. However, you may send an email to shareregistry@incorp.asia if you wish to receive a physical copy.
2. If a member wishes to submit questions related to the resolutions tabled for approval at the AGM, prior to the AGM, all questions must be submitted by no later than 9:30 am. on 21 October 2023 through email to shareregistry@incorp.asia and provide the following particulars, for verification purpose:
 - a. Full name as it appears on his/her/its CDP and/or CPF/SRS share records;
 - b. NRIC/Passport/UEN number;
 - c. Contact number and email address; and
 - d. The manner in which you hold shares in the Company (e.g. via CDP and/or CPF/SRS).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

Alternatively, members or their proxies may also ask question during the AGM.

NOTICE OF ANNUAL GENERAL MEETING

3. The Company will endeavour to address all substantial and relevant questions received from shareholders by 25 October 2023, 9:30 a.m., being not less than forth-eight (48) hours before the closing date and time for the lodgement of the proxy form, via SGXNet and the Company's website. The Company will also address any subsequent clarifications sought or follow up questions during the AGM in respect of substantial and relevant matters. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions will be individually addressed.

The minutes of the AGM, which include responses to substantial queries from the Shareholders which are addressed during the AGM, shall thereafter be published on (i) the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>; and (ii) the Company's website at the URL <http://www.yamada-green.com/>, within one (1) month from the conclusion of the AGM together with the minutes of the AGM.

4. 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.
5. 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. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies (except where the Chairman of the AGM is appointed as the member's proxy) will vote or abstain from voting at his/her/their discretion. In the absence of specific direction as to the voting given by a member, the appointment of the Chairman of the AGM as the member's proxy for the relevant resolutions will be treated as invalid.
6. 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.

Pursuant to Section 181 of the Companies Act, Relevant Intermediary is either:

- (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds in that capacity; or
 - (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953, in respect of shares under the subsidiary legislation made under that Act providing for the making of investments purchased 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.
7. A proxy need not be a member of the Company.
 8. 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 in accordance with Section 179 of the Companies Act.
 9. 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. 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, failing which the instrument may be treated as invalid.
 10. The instrument appointing the proxy must be submitted to the Company in the following manner:
 - a. if by post, to the office of the Company's Share Registrar, at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 (Opening Hours is 9.00 am to 5.00 pm, Mondays to Fridays (excluding Public Holidays)); or
 - b. if sent by email to: shareregistry@incorp.asia

in either case, by no later than 9:30 a.m. on 27 October 2023 being not less than 72 hours before the time appointed for holding the AGM and at any adjournment thereof and in default the proxy form for the AGM shall not be treated as valid.

11. A Shareholder who wishes to submit an instrument of proxy by (a) and (b) must first download the proxy form, which is available on (i) the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>; and (ii) the Company's website at the URL <http://www.yamada-green.com/>, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

NOTICE OF ANNUAL GENERAL MEETING

12. Investors who hold shares through Relevant Intermediaries*, including under the Central Provident Fund Investment Scheme (“CPF Investors”) or the Supplementary Retirement Scheme (“SRS Investors”), and who wish to appoint the Chairman of the AGM as their proxy should approach their respective Relevant Intermediaries*, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 9:30 a.m. on 19 October 2023).
13. 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.
14. In the case of joint shareholders, all holders must sign the form of proxy.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM of the Company in accordance with this Notice, 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, take-over 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 or service providers), 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions, (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities, and (v) 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.

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:

- The AGM of the Company to be held on Monday, 30 October 2023 at 9:30 a.m. is being convened, and will be held at Hotel Royal, Royal Room 1, Level 3, 36 Newton Rd, Singapore 307964. There will be no option for members to participate virtually. Save for the Notice of AGM and this Proxy Form, printed copies of documents relating to the business of the AGM, which comprise the Company's annual report for the financial year ended 30 June 2023 as well as the appendix to the Notice of AGM, will not be sent to members of the Company. Instead, such documents will be made available to members of the Company solely by electronic means via publication on (i) the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>; and (ii) the Company's website at the URL <http://www.yamada-green.com/>. However you may send an email to shareregistry@incorp.asia if you wish to receive a physical copy.
- Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act 1967 of Singapore, including CPF and SRS Investors, and wish to appoint the Chairman of the Meeting as proxy, should approach their respective agents, including CPF Agent Banks and SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 9:30 a.m. on 19 October 2023) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting as proxy to vote on their behalf by the cut-off date.
- By submitting an instrument appointing a proxy(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 13 October 2023.
- Please read the notes to this proxy form.

I/We, _____ NRIC/Passport/Co. Registration No. _____

of _____
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			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company ("AGM") to be held at Hotel Royal, Royal Room 1, Level 3, 36 Newton Rd, Singapore 307964 on Monday, 30 October 2023 at 9:30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for, against or abstain the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion. In appointing the Chairman of the Meeting as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Ordinary Resolutions relating to:	Number of votes		
		For**	Against**	Abstain**
	Ordinary Business			
1	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2023 together with the Auditors' Report thereon.			
2	To declare final dividend			
3	To re-elect Mr Liu Yi, a Director retiring under Regulation 91 of the Constitution of the Company.			
4	To re-elect Ms Chen Ying, a Director retiring under Regulation 91 of the Constitution of the Company.			
5	To approve the payment of Directors' fee of S\$180,000 for the financial year ending 30 June 2024, to be paid half yearly in arrears.			
6	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			
7	Authority for Directors to allot and issue shares			
8	Proposed adoption of the Share Purchase Mandate			

* Delete where inapplicable accordingly.

** Voting will be conducted by poll. If you wish your proxy to exercise all your votes "For" or "Against" the relevant resolution, please mark an "√" in the relevant box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the relevant box provided in respect of that resolution. If you mark an "√" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this _____ day of _____ 2023.

Total number of shares in	No. of shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/
or, 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 2001), 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 1967 of Singapore, a member of the Company entitled to attend and vote at the AGM is entitled to appoint one (1) or two (2) proxies or the Chairman of the Meeting 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 AGM 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 AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM, 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 AGM.
6. The instrument appointing the proxy must be submitted to the Company in the following manner:
 - a. if by post, to the office of the Company's Share Registrar, at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 (Opening Hours is 9.00 am to 5.00 pm, Mondays to Fridays (excluding Public Holidays)); or
 - b. if sent by email to: shareregistry@incorp.asia.

In either case, by no later than 9:30 a.m. on 27 October 2023 being not less than 72 hours before the time for holding the AGM and at any adjournment thereof.

7. The instrument appointing a proxy or proxies or the Chairman of the Meeting 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 AGM, in accordance with Section 179 of the Companies Act 1967 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. Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act 1967 of Singapore, including CPF and SRS Investors, and wish to appoint the Chairman of the Meeting as proxy, should approach their respective agents, including CPF Agent Banks and SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 9:30 a.m. on 19 October 2023) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting as proxy to vote on their behalf by the cut-off date.

Pursuant to Section 181 of the Companies Act 1967 of Singapore, Relevant intermediary is either:

- (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
- (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or
- (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares under the subsidiary legislation made under that Act providing for the making of investments purchased 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 proxy(ies) or the Chairman of the AGM as a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 October 2023.

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 AGM, as certified by The Central Depository (Pte) Limited to the Company.



YAMADA GREEN RESOURCES LIMITED
Company Registration No. 201002962E

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