Revised financial statements

Yamada Green Resources Limited and its subsidiaries

For the year ended 30 June 2019

Company information

Company registration number	201002962E
Registered office	7 Temasek Boulevard #32-01 Suntec Tower One Singapore 038987
Directors	Chen Qiuhai Chang Feng-chang Goi Lang Ling (appointed on 23 April 2019) Tan Kah Ghee (appointed on 1 January 2021) Liu Yi (appointed on 1 April 2021) Chen Ying (appointed on 14 May 2021) Lin Weibin (resigned on 22 January 2019) Goi Kok Neng (deceased on 3 February 2019) Chua Ser Miang (resigned on 31 March 2021) Xie Yimin (appointed on 23 April 2019 and resigned on 14 May 2021)
Audit committee	Tan Kah Ghee (Chairman) (appointed member on 1 January 2021 and Chairman on 1 April 2021) Chang Feng-chang Liu Yi (appointed on 1 April 2021) Goi Kok Neng (deceased on 3 February 2019) Goi Lang Ling (appointed on 23 April 2019 and resigned on 29 December 2020) Chua Ser Miang (resigned on 31 March 2021)
Nominating committee	Chang Feng-chang (Chairman) (appointed chairman on 1 April 2021) Tan Kah Ghee (appointed on 1 January 2021) Liu Yi (appointed on 1 April 2021) Chen Qiuhai (appointed on 1 April 2021) Goi Kok Neng (deceased on 3 February 2019) Goi Lang Ling (appointed on 23 April 2019 and resigned on 29 December 2020) Chua Ser Miang (Chairman) (resigned on 31 March 2021)
Remuneration committee	Liu Yi (Chairman) (appointed on 1 April 2021) Tan Kah Ghee (appointed on 1 January 2021) Goi Lang Ling (appointed on 23 April 2019) Goi Kok Neng (deceased on 3 February 2019) Chang Feng-chang (resigned on 29 December 2020) Chua Ser Miang (Chairman) (resigned on 31 March 2021)
Secretary	Wong Chee Meng Lawrence (appointed on 10 January 2018) Shirley Tan Sey Liy (resigned on 9 January 2018) Chew Kok Liang (resigned on 9 January 2018)

Company information

Registrar	RHT Corporate Advisory Pte. Ltd. 30 Cecil Street #19-08, Prudential Tower Singapore 049712 (previously : 9 Raffles Place #29-01, Republic Plaza Tower 1 Singapore 048619)
Bankers	Oversea-Chinese Banking Corporation Limited Bank of China Limited (closed on 16 December 2019)
Solicitor	Bird & Bird ATMD LLP 2 Shenton Way #18-01 SGX Centre 1 Singapore 068804 (previously: Equity Law LLP 7 Temasek Boulevard #43-03 Suntec Tower One Singapore 038987)
Independent auditor	Foo Kon Tan LLP Public Accountants and Chartered Accountants 24 Raffles Place #07-03, Clifford Centre Singapore 048621 Partner-in-charge: Chang Fook Kay (with effect from the financial year ended 30 June 2019)

Yamada Green Resources Limited
and its subsidiaries

Contents

Directors' statement
for the financial year ended 30 June 2019

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

This new directors' statement replaces the original directors' statement signed on 30 September 2019. This new directors' statement and the revised financial statements have been prepared in accordance with Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018 (the "Regulations").

The bases for revisions are explained in Note 37 to the revised financial statements. This new directors' statement is taken as having been prepared on the date of the original directors' statement and accordingly, does not consider those events occurring between 1 October 2019 and 23 August 2021.

In the opinion of the directors,

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

(b) at the date of the original directors' statement (30 September 2019), 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 revised financial statements for issue.

Directors

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

Directors in office at 30 September 2019	Movements during the period from 1 October 2019 to 23 August 2021		Directors in office at 23 August 2021
	Appointment	Resignation	
Chen Qiuhai	-	-	Chen Qiuhai
Chang Feng-chang	-	-	Chang Feng-chang
Goi Lang Ling	-	-	Goi Lang Ling
-	Tan Kah Ghee *(appointed on 1.1.2021)*	-	Tan Kah Ghee
-	Liu Yi *(appointed on 1.4.2021)*	-	Liu Yi
-	Chen Ying *(appointed on 14.5.2021)*	-	Chen Ying
Chua Ser Miang	-	Chua Ser Miang *(resigned on 31.3.2021)*	-
Xie Yimin	Xie Yimin *(appointed on 23.4.2019)*	Xie Yimin *(resigned on 14.5.2021)*	-

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

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

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

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

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

As at the date of the original directors' statement (30 September 2019), the scheme is administered by the Remuneration Committee comprising Chua Ser Miang (Chairman), Chang Feng-chang, Goi Kok Neng, and duly authorised and appointed by the Board of Directors of the Company.

As at 23 August 2021, the scheme is administered by the Remuneration Committee currently comprising Liu Yi (chairman), Tan Kah Ghee and Goi Lang Ling.

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

The Scheme
Under the Scheme,

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

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

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

Directors' interests (Cont'd)

Share option scheme (Cont'd)

The Scheme (Cont'd)

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

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

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

The Plan

Under the Plan,

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

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

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

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

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

Directors' interests (Cont'd)

Share option scheme (Cont'd)

The Plan (Cont'd)

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

  A = B x C

  Where:-

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

  B is the market price of each share; and

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

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

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

Share options

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

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

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

Audit committee

The Audit Committee as at the date of the original directors' statement (30 September 2019) comprises the following members:

Chang Feng-chang (Chairman)
Chua Ser Miang (resigned on 31 March 2021)
Goi Lang Ling

The Audit Committee as at the date of this directors' statement comprises the following members:

Tan Kah Ghee (Chairman) (appointed member on 1 January 2021 and Chairman on 1 April 2021)
Chang Feng-chang
Liu Yi (appointed on 1 April 2021)

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

Audit committee (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Independent auditor

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

Other information required by the SGX-ST

Material information

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

Interested person transactions

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

On behalf of the Directors

陳秋海

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CHEN QIUHAI

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CHANG FENG-CHANG

Dated: 23 August 2021

Independent auditor's report to the members of Yamada Green Resources Limited

Report on the Audit of the Revised Financial Statements

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) as they have effect under the Companies (Revision of Defective Financial Statements, or Consolidated Financial statements or Balance-sheet) Regulations 2018 (the "Regulations") and Singapore Financial Reporting Standards (International) ("SFRS(I)"), so as to give a true and fair view, seen as at the date of the original financial statements, of the financial positions of the Group and of the Company as at 30 June 2019 and of the financial performance, changes in equity and cash flows of the Group for the year then ended.

Basis for Qualified Opinion

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

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

<u>Unaccountable balance of RMB 29,349,000</u>

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

Given the passage of time, because of the inherent nature of the residual sum which was derived from the reconstruction of the books and records since FY2017 and FY2018, the management believed that the residual sum should be fairly represented as a non-distributable reserve standing in equity.

Independent auditor's report to the members of Yamada Green Resources Limited (Cont'd)

Basis for Qualified Opinion (cont'd)

Unaccountable balance of RMB 29,349,000 (Cont'd)

On this basis, we were of the opinion that the transfer of the unaccountable balances from trade and other payables to equity as a non-distributable reserve as at 30 June 2019 has been satisfactory resolved and dealt with. Full details can be found in Note 21.

Other items of disclaimer of opinion in FY2017 and FY2018

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

(a) Moso bamboo and eucalyptus plantation

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

(b) Processed food products

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

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

Independent auditor's report to the members of Yamada Green Resources Limited (Cont'd)

Key Audit Matters

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

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

Independent auditor's report to the members of Yamada Green Resources Limited (Cont'd)

Other Information

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

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

Responsibilities of Management and Directors for the Revised Financial Statements

Management is responsible for the preparation of the revised financial statements that give a true and fair view in accordance with the provisions of the Act as the revised financial statements have effect under the Regulations 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 revised financial statements and to maintain accountability of assets.

In preparing the revised financial statements, management is responsible for assessing the Group's ability to continue as a going concern, as made up to the date of the original financial statements, 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 (Cont'd)

Auditor's Responsibilities for the Audit of the Revised Financial Statements

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

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

- Identify and assess the risks of material misstatement of the revised 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 revised 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 revised financial statements, including the disclosures, and whether the revised 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 revised consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report to the members of Yamada Green Resources Limited (Cont'd)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

a) Land use rights

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

b) Internal control and corporate governance

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

Independent auditor's report to the members of Yamada Green Resources Limited (Cont'd)

Other Matters (Cont'd)

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

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

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

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
23 August 2021

Statements of financial position
as at 30 June 2019

	Note	The Company 30 June 2019 RMB'000	The Company 30 June 2018 RMB'000	The Company 1 July 2017 RMB'000	The Group 30 June 2019 RMB'000	The Group 30 June 2018 RMB'000 (Revised)	The Group 1 July 2017 RMB'000 (Restated)
ASSETS							
Non-Current Assets							
Property, plant and equipment	4	**2**	8,395	7,974	**63,976**	71,179	25,375
Biological assets	5	**-**	-	-	**-**	-	68,117
Land use rights	6	**-**	-	-	**18,618**	22,931	23,473
Intangible assets	7	**-**	-	-	**70**	34	-
Investment properties	8	**7,770**	-	-	**180,698**	173,352	161,750
Investments in subsidiaries	9	**149,762**	149,762	149,762	**-**	-	-
Investments in associates	10	**-**	-	-	**-**	43,423	43,989
Prepayments	11	**-**	-	-	**-**	-	-
Long term deposit	12	**-**	-	-	**-**	-	-
Deferred tax assets	13	**-**	-	-	**-**	-	2,005
		157,534	158,157	157,736	**263,362**	310,919	324,709
Current Assets							
Biological assets	5	**-**	-	-	**-**	-	-
Inventories	14	**-**	-	-	**23,833**	27,819	20,988
Trade and other receivables	15	**146,595**	154,077	153,215	**25,306**	54,820	141,775
Prepayments	16	**86**	126	18	**86**	126	18
Cash and bank balances	17	**521**	370	2,131	**12,901**	10,540	6,628
		147,202	154,573	155,364	**62,126**	93,305	169,409
Associates classified as held for sale	18	**-**	-	-	**39,933**	-	-
Total assets		**304,736**	312,730	313,100	**365,421**	404,224	494,118
EQUITY							
Capital and Reserves							
Share capital	19	**322,210**	322,210	322,210	**322,210**	322,210	322,210
Share-based payment reserve	20(a)	**2,016**	2,016	2,016	**2,016**	2,016	2,016
Statutory reserve	20(b)	**-**	-	-	**71,135**	71,135	71,135
Revaluation reserve	20(c)	**-**	-	-	**38,130**	35,775	-
Other reserve	20(d)	**-**	-	-	**29,349**	-	-
Accumulated losses		**(28,912)**	(23,695)	(19,358)	**(173,507)**	(138,503)	(127,640)
Total equity attributable to owners of the Company		**295,314**	300,531	304,868	**289,333**	292,633	267,721
LIABILITIES							
Non-Current Liabilities							
Bank borrowings	22	**5,078**	4,509	4,843	**5,078**	4,509	4,843
Deferred tax liabilities	13	**-**	-	-	**32,805**	32,126	16,642
		5,078	4,509	4,843	**37,883**	36,635	21,485
Current Liabilities							
Trade and other payables	21	**3,974**	7,312	3,009	**34,835**	70,557	204,449
Bank borrowings	22	**370**	378	380	**3,370**	4,378	380
Current income tax payable		**-**	-	-	**-**	21	83
		4,344	7,690	3,389	**38,205**	74,956	204,912
Total liabilities		**9,422**	12,199	8,232	**76,088**	111,591	226,397
Total equity and liabilities		**304,736**	312,730	313,100	**365,421**	404,224	494,118

Consolidated statement of profit or loss and other comprehensive income
for the financial year ended 30 June 2019

The Group	Note	**Year ended 30 June 2019 RMB'000**	Year ended 30 June 2018 RMB'000 (Revised and restated)
Revenue	23	**61,358**	107,101
Cost of sales		**(71,065)**	(105,265)
Gross results		**(9,707)**	1,836
Revenue from rental income from investment properties	24	**5,058**	2,792
Other operating income	25	**4,413**	25,027
Selling and distribution expenses	26 (a)	**(1,540)**	(2,511)
Administrative expenses	26 (b)	**(16,652)**	(21,358)
Other operating expenses	26 (c)	**(15,880)**	(10,159)
Finance costs	26 (d)	**(404)**	(261)
Share of loss of associates classified as held for sale	10	**(309)**	(566)
Loss before taxation	27	**(35,021)**	(5,200)
Taxation	28	**17**	(5,663)
Total loss for the year		**(35,004)**	(10,863)
Other comprehensive income after tax			
Items that will never be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment - leasehold properties	26(e)	**2,355**	35,775
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(32,649)**	24,912

		Cents RMB	Cents RMB (Revised)
Loss per share:			
- Basic	29	**(19.8)**	(6.1)
- Diluted	29	**(19.8)**	(6.1)

Consolidated statement of changes in equity
for the financial year ended 30 June 2019

The Group	Note	Share capital	Other reserve -non distributable	Share-based payment reserve	Statutory reserve	Revaluation reserve	Accumulated losses	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2017								
- as previously reported		322,210	-	2,016	71,135	-	(167,639)	227,722
- restatement for change in accounting policy	37(b)	-	-	-	-	-	39,999	39,999
- as restated		322,210	-	2,016	71,135	-	(127,640)	267,721
Loss for the year (restated)	37(b)	-	-	-	-	-	(10,863)	(10,863)
Other comprehensive income for the year		-	-	-	-	35,775	-	35,775
Total comprehensive Income/(expense) for the year (restated)	37(b)	-	-	-	-	35,775	(10,863)	24,912
At 30 June 2018		**322,210**	**-**	**2,016**	**71,135**	**35,775**	**(138,503)**	**292,633**
Loss for the year		-	-	-	-	-	**(35,004)**	**(35,004)**
Other comprehensive income for the year		-	-	-	-	**2,355**	-	**2,355**
Total comprehensive income/(expense) for the year		-	-	-	-	**2,355**	**(35,004)**	**(32,649)**
Transfer to other reserve	21	-	**29,349**	-	-	-	-	**29,349**
At 30 June 2019		**322,210**	**29,349**	**2,016**	**71,135**	**38,130**	**(173,507)**	**289,333**

Consolidated statement of cash flows

for the financial year ended 30 June 2019

	Note	Year ended 30 June 2019 RMB'000	Year ended 30 June 2018 RMB'000 (Revised)
Cash Flows from Operating Activities			
Loss before taxation		(35,021)	(5,200)
Adjustments for:			
Amortisation of biological assets	5	-	193
Amortisation of land use rights	6	542	542
Amortisation of intangible assets	7	12	5
Depreciation of property, plant and equipment	4(a)	4,391	1,169
Interest expense	26(d)	404	261
Interest income	25	(8)	-
Reversal of impairment loss on leasehold property	4(d)	-	(532)
Fair value loss/(gain) on investment properties	8	1,259	(17,679)
Impairment of land use rights	6	3,771	-
Impairment of investments in associates classified as held for sale	18	3,181	-
Write-down of inventories to net realisable value	26(c)	1,274	-
Investment properties written off	8	-	8,000
Property, plant and equipment written off	4	1	-
Exchange gain		(306)	(84)
Share of loss of associates	10	309	566
Operating cash flows before working capital changes		(20,191)	(12,759)
Decrease in biological assets		-	67,924
Decrease/(Increase) in inventories		2,712	(6,831)
Decrease in trade and other receivables and prepayments		29,554	86,847
(Decrease) in trade and other payables (Note A)		(6,373)	(133,891)
Cash generated from operations		5,702	1,290
Income tax paid		(110)	(162)
Interest received		8	-
Net cash generated from operating activities		5,600	1,128
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	4	(2,654)	(664)
Acquisition of intangible assets	7	(48)	(39)
Net cash used in from investing activities		(2,702)	(703)
Cash Flows from Financing Activities			
Proceeds from bank borrowings (Note B)		3,670	4,160
Repayment of bank borrowings (Note B)		(4,340)	(388)
Interest paid	26(d)	(404)	(261)
Net cash (used in)/generated from financing activities		(1,074)	3,511
Net increase in cash and cash equivalents		1,824	3,936
Cash and cash equivalents at beginning of year		10,540	6,628
Effect on foreign exchange of rate changes on cash and cash equivalents		537	(24)
Cash and cash equivalents at end of year	17	12,901	10,540

Consolidated statement of cash flows (Cont'd)
for the financial year ended 30 June 2019

Note A

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

Note B

Reconciliation of liabilities arising from financing activities

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

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

Notes to the revised financial statements
for the financial year ended 30 June 2019

1 General information

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

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

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

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

2(a) Basis of preparation

These revised financial statements were prepared in accordance with the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018 (the "Regulations"), as the directors have voluntarily revised these financial statements in accordance with section 202A of the Companies Act.

These revised financial statements replace the original financial statements that were approved by the former board of directors on 30 September 2019. These revised financial statements were approved by the directors on 23 August 2021.

These revised financial statements are taken as having been prepared on the date of the original financial statements on 30 September 2019 and accordingly, do not consider any events which occurred between 1 October 2019 and 23 August 2021.

These revised financial statements have been revised to reflect the changes made in response to the queries raised by the Accounting and Corporate Regulatory Authority in their letter dated 30 July 2021 as described in Note 37. The impacts of the revision are disclosed in Note 37 to the revised financial statements.

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

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

2(a) Basis of preparation (Cont'd)

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

2(b) Going concern assumption

The Group has recorded a negative gross profit of RMB 9,707,000 (2018: positive gross profit of RMB 1,836,000) and has incurred a net loss of RMB 35,004,000 (2018 (revised): RMB 10,863,000) for the year ended 30 June 2019.

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

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

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

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

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

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

2(c) Adoption of SFRS(I)

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

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

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

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

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

(a) Optional exemptions applied

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

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

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

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

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

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

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

Other information:

A. Optional Exemption

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

<u>A1. Use of fair value at date of transition as deemed cost</u>

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

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

B. Adoption of SFRS(I) 9

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

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

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

(a) Optional exemptions applied (cont'd)

Other information (cont'd):

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

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

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

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

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

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

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

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

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

(a) Optional exemptions applied (cont'd)

Other information (cont'd):

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

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

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

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

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

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

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

C1. Accounting for contracts with separate performance obligations
Under SFRS(I) 15, each contract for sales of good was assessed to be one contract with revenue recognised at a point in time when the control of the goods were transferred to the buyer and when the amount of the costs of the transactions can be measured reliably.

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

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

C2. Presentation of contract assets and contract liabilities
The presentation of contract liabilities as advances for customers on the face of financial statements remain unchanged. There are no contract assets that existed as at 1 January 2018.

2(d) Significant judgements and accounting estimates

Significant judgements and accounting estimates
The preparation of the revised 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:

<u>Revenue - Gross presentation</u>

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

<u>Significant influence (Note 10)</u>

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

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

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

Critical accounting estimates and key sources of estimation uncertainty

<u>Depreciation of property, plant and equipment (Note 4)</u>
Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 20 years. The carrying amounts of the Company's and the Group's property, plant and equipment as at 30 June 2019 are RMB 2,000 (2018 - RMB 8,395,000) and RMB 63,976,000 (2018 - RMB 71,179,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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

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

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

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

Useful lives of plant and machinery (Note 4)

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

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

Amortisation of land use rights (Note 6)

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

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

Valuation of investment properties (Note 8)

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

If the market value used to estimate the fair value of the investment properties decreases/increases by 5% from management's estimates, the Group's loss for the year will increase/decrease by RMB 9,035,000 (2018 – RMB 8,668,000).

Impairment of investments in subsidiaries (Note 9)

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

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

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

Withholding tax on undistributed profits (Note 13)

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

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

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

Determination of functional currency

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

Income tax (Notes 13 and 28)

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

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

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

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

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

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

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

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

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

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

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

3 Significant accounting policies

Consolidation

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

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

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

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

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

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

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

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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

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.

3 Significant accounting policies (Cont'd)

Consolidation (Cont'd)

Acquisitions

Acquisition-related costs are expensed as incurred.

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

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

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

A change in the ownership interest

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

Disposals

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

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.

Transactions with non-controlling interest

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

3 Significant accounting policies (Cont'd)

Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

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

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

3 Significant accounting policies (Cont'd)

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

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

Land use rights

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

Intangible assets

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

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

<u>Computer software</u>
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.

Government grant/subsidy

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

Investment properties

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

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

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

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

3 Significant accounting policies (Cont'd)

Investment properties (cont'd)

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

Investments in subsidiaries

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

Investments in associates

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

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

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

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

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

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

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

3 Significant accounting policies (Cont'd)

Investments in associates (cont'd)

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

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

Inventories

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

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

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

Financial assets

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

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

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

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

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

3 Significant accounting policies (Cont'd)

Financial assets (cont'd)

The accounting for financial assets before 1 July 2018 is as follows (Cont'd):

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

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

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

Loans and receivables

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

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

The accounting for financial assets from 1 January 2018 is as follows:

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.

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 subsidiaries.

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

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other operating income or other expense". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other operating income".
- FVTPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other operating income and other expense".

(ii) Equity investments

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

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.

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

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

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

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

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

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

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

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

3 Significant accounting policies (Cont'd)

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.

Assets and liabilities classified as held for sale

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

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

Share capital

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

Financial liabilities

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

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

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

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

3 Significant accounting policies (Cont'd)

Financial liabilities (cont'd)

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

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

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

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

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

Provisions

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

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

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

Dividends

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

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

3 Significant accounting policies (Cont'd)

Borrowing costs

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

Leases
Where the Group is the lessee,

Operating leases

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

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

Where the Group is the lessor,

Operating leases

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

Income taxes

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

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

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

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

3 Significant accounting policies (Cont'd)

Income taxes (cont'd)

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
(b) based on the tax consequence that will follow from the manner in which the Company and the Group expect, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

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

Value-added tax

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

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

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

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

Employee benefits

<u>Defined contribution schemes</u>

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

<u>Employee leave entitlements</u>

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

3 Significant accounting policies (Cont'd)

Employee benefits (cont'd)

Employee share option scheme ("ESOS Scheme")

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

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

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

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

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

Key management personnel

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

Related parties

A related party is defined as follows:

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

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

(ii) has significant influence over the Company; or

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

3 Significant accounting policies (Cont'd)

Related parties (cont'd)

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

(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 (other than biological assets) subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

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

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

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

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

3 Significant accounting policies (Cont'd)

Impairment of non-financial assets (cont'd)

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

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

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

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

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

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

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

<u>Government grant/subsidy</u>
Cash grant/subsidy received from the government is recognised as income upon receipt.

<u>Refund from termination of leases to plantations</u>
Cash refunds received from termination of unexpired leases to plantations are recognised as income upon receipt.

3 Significant accounting policies (Cont'd)

Functional currency

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

Conversion of foreign currencies

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

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

Operating segments

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

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

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

4 Property, plant and equipment

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

4 Property, plant and equipment (Cont'd)

The Group	Note	Leasehold properties RMB'000 (b)	Motor vehicles RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Fixtures and fittings RMB'000	Farm equipment and fixtures RMB'000	Construction -in-progress RMB'000	Total RMB'000
Cost or valuation									
At 1 July 2017		29,502	-	28	215	52	5	-	29,802
Additions		-	43	28	324	128	5	136	664
Transfer to investment properties	8	(1,968)	-	-	-	-	-	-	(1,968)
Disposals/written off		-	-	(15)	-	-	(5)	-	(20)
Revaluation adjustments	26(e)	47,700	-	-	-	-	-	-	47,700
Elimination of accumulated depreciation*		(4,514)	-	-	-	-	-	-	(4,514)
At 30 June 2018		**70,720**	**43**	**41**	**539**	**180**	**5**	**136**	**71,664**
Additions		**501**	**281**	**5**	**110**	**27**	**-**	**1,730**	**2,654**
Reclassification from construction in progress		**1,073**	**-**	**-**	**-**	**-**	**-**	**(1,073)**	**-**
Transfer to investment properties	8	**(9,101)**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,101)**
Disposals/written off		**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**(1)**
Revaluation adjustments	26(e)	**3,140**	**-**	**-**	**-**	**-**	**-**	**-**	**3,140**
Elimination of accumulated depreciation		**(4,171)**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,171)**
At 30 June 2019		**62,162**	**324**	**46**	**648**	**207**	**5**	**793**	**64,185**
Representing:									
- Cost		**-**	**324**	**46**	**648**	**207**	**5**	**793**	**2,023**
- Valuation		**62,162**	**-**	**-**	**-**	**-**	**-**	**-**	**62,162**
At 30 June 2019		**62,162**	**324**	**46**	**648**	**207**	**5**	**793**	**64,185**
Accumulated depreciation and impairment loss									
At 1 July 2017		4,388	-	20	8	6	5	-	4,427
Depreciation for the year		1,095	5	8	39	21	1	-	1,169
Reversal of impairment loss		(532)	-	-	-	-	-	-	(532)
Disposals/written off		-	-	(15)	-	-	(5)	-	(20)
Transfer to investment properties	8	(45)	-	-	-	-	-	-	(45)
Elimination of accumulated depreciation*		(4,514)	-	-	-	-	-	-	(4,514)
At 30 June 2018		**392**	**5**	**13**	**47**	**27**	**1**	**-**	**485**
Depreciation for the year		**4,275**	**12**	**10**	**55**	**37**	**2**	**-**	**4,391**
Transfer to investment properties	8	**(496)**	**-**	**-**	**-**	**-**	**-**	**-**	**(496)**
Elimination of accumulated depreciation		**(4,171)**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,171)**
At 30 June 2019		**-**	**17**	**23**	**102**	**64**	**3**	**-**	**209**
Comprising:									
- Accumulated depreciation		**-**	**17**	**23**	**102**	**64**	**3**	**-**	**209**

4 Property, plant and equipment (Cont'd)

The Group	Leasehold properties RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Fixtures and fittings RMB'000	Farm equipment and fixtures RMB'000	Construction -in-progress RMB'000	Total RMB'000
Net book value								
At 30 June 2019	**62,162**	**307**	**23**	**546**	**143**	**2**	**793**	**63,976**
At 30 June 2018	70,328	38	28	492	153	4	136	71,179
At 1 July 2017	25,114	-	8	207	46	-	-	25,375

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

4 Property, plant and equipment (Cont'd)

(a) Depreciation is charged to:

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

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

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

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

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

4 Property, plant and equipment (Cont'd)

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

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

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

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

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

5 Biological assets

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

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

5 Biological assets (Cont'd)

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

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

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

* No information available

Recurring fair value measurement of the biological assets

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

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

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

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

5 Biological assets (Cont'd)

Moso bamboo trees and bamboo shoots in plantations

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

Valuation techniques used	Significant unobservable inputs	30 June 2019	Range of not easily observed input factors 30 June 2018	1 July 2017	Inter-relationship between key unobservable inputs and fair value
Income approach	Estimated average number of moso bamboo	**NA**	Nil	115 - 220 pieces/mu	The higher the average numbers of moso bamboo per mu, the higher the fair value.
	Estimated percentage of moso bamboo with qualified diameter at breast height ("DBH")	**NA**	Nil	98%	The higher the estimated percentage of moso bamboo with qualified DBH, the higher the fair value.
	Total estimated land rent, management and cultivation cost	**NA**	Nil	RMB 301.50/mu to RMB 705.82/mu	The higher the land rent, management and cultivation cost, the lower the fair value.
	Estimated growth rate in cutting outsourcing cost	**NA**	Nil	1%	The higher the growth rate in bamboo shoots cutting outsourcing cost, the lower the fair value.
	Estimated average annual merchantable volume for spring bamboo shoots (kg/mu)	**NA**	Nil	212.42kg/mu	The higher the estimated average annual merchantable volume for spring bamboo shoots, the higher the fair value.
	Estimated average annual merchantable volume for winter bamboo shoots (kg/mu)	**NA**	Nil	33.60kg/mu	The higher the estimated average annual merchantable volume for winter bamboo shoots, the higher the fair value.
	Estimated moso bamboo tree cutting outsourcing cost	**NA**	Nil	RMB 103.00/mu to RMB 111.46/mu	The higher the moso bamboo tree cutting outsourcing cost, the lower the fair value.
	Estimated spring bamboo shoot cutting outsourcing cost	**NA**	Nil	RMB 48.00/mu to RMB 50.95/mu	The higher the spring bamboo shoot cutting outsourcing cost, the lower the fair value.
	Estimated winter bamboo shoot cutting outsourcing cost	**NA**	Nil	RMB 42.00/mu to RMB 49.89/mu	The higher the winter bamboo shoot cutting outsourcing cost, the lower the fair value.
	Growth rate in bamboo shoots unit price	**NA**	Nil	1%	The higher the growth rate in bamboo shoots unit price, the higher the fair value.
Discounted cash flow calculation	Discount rate	**NA**	Nil	17.53%	The higher the discount rate, the lower the fair value.

NA – Not applicable

5 Biological assets (Cont'd)

Eucalyptus trees

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

Valuation techniques used	Significant unobservable inputs	Range of not easily observed input factors 30 June 2019	30 June 2018	1 July 2017	Inter-relationship between key unobservable inputs and fair value
Income approach	Operating cost on eucalyptus trees per mu	NA	Nil	RMB 77.50/mu to RMB 155.00/mu	The higher the operating cost on eucalyptus trees, the lower the fair value.
	Transportation cost on eucalyptus trees	NA	Nil	RMB80/ 100km/m^3	The higher the transportation cost on eucalyptus trees, the lower the fair value.
	Cutting cost on eucalyptus plantation	NA	Nil	RMB 100/m^3	The higher the cutting cost on eucalyptus plantation, the lower the fair value.
	Estimated cutting area design and timber scaling cost	NA	Nil	RMB 9 /m^3	The higher the cutting area design cost and timber scaling cost, the lower the fair value.
	Estimated growth rate in cutting and transportation cost	NA	Nil	3%	The higher the growth rate in cutting and transportation cost, the lower the fair value.
	Estimated growth rate in cutting area design and timber scaling cost	NA	Nil	0%	The higher the growth cutting area design and timber scaling cost, the lower the fair value.
	Expected eucalyptus reserve (m^3/mu)	NA	Nil	7.60m^3 to 17.00m^3	The higher the expected eucalyptus reserve, the higher the fair value.
	Estimated volume ratio for timber/log	NA	Nil	71%	The higher the expected eucalyptus volume ratio, the higher the fair value.
	Estimated volume ratio for fuelwood	NA	Nil	20%	The higher the estimated volume ratio for fuelwood, the lower the fair value.
	Growth rate in eucalyptus timber unit price	NA	Nil	1%	The higher the growth rate in eucalyptus timber unit price, the higher the fair value.
Discounted cash flow calculation	Discount rate	NA	Nil	20.53%	The higher the discount rate, the lower the fair value.

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

NA – Not applicable

6 Land use rights

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

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

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

Land use rights relate to the following parcel of lands:

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

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

7 Intangible assets

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

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

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

8 Investment properties

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

The Group	Note	30 June 2019 RMB'000	30 June 2018 RMB'000 (Revised)
At valuation			
Balance at beginning of year		**173,352**	161,750
Transfer from property, plant and equipment	4	**8,605**	1,923
Written off		**-**	(8,000)
Fair value adjustments		**(1,259)**	17,679
Balance at end of year		**180,698**	173,352
Carrying amount			
Balance at beginning of year		173,352	161,750
Balance at end of year		**180,698**	173,352

8 Investment properties (cont'd)

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

The Group Description and location	Gross floor area (sqm)	Tenure	***At fair value*** **30 June 2019 RMB'000**	*At fair value* 30 June 2018 RMB'000	*At fair value* 1 July 2017 RMB'000 (Restated)
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 300 Houyu Jingxi Town, Minhou County, Fuzhou City Fujian Province, The PRC	31,291.09	41 years leasehold up to 23.06.2052	**132,360**	132,390	117,070
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 2 Dongling Road, Minhou Economic and Technological Development Zone, Ganzhe Street Minhou County, Fuzhou City Fujian Province, The PRC	10,053.33	50 years leasehold up to 29.07.2062	**37,285**	37,729	36,780
Zhangping Fengwang Agricultural Products Co., Ltd Luoan Food Industrial Park, Houfu Village, Guilin Street, Zhangping City Fujian Province, The PRC	19,678.00	50 years leasehold up to 18.04.2063	**3,283**	3,233	-
Nanping Yuanwang Foods Co., Ltd Warehouse and shophouse located at No. 2 Shengfeng Road Liantang Town, Pucheng County, Nanping City, Fujian Province, The PRC	7,810.00	41 years leasehold up to 26.01.2046	**-**	-	7,900
The Company 20 Cecil Street #06-02 GSH Plaza Singapore 049702 Office unit #06-02	48.00	99 years leasehold up to 07.12.2088	**7,770**	-	-
			180,698	173,352	161,750

(b) Investment properties are carried at fair value as at 30 June 2019 as determined by the independent professional valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The valuers have considered valuation techniques including the depreciated replacement cost approach, direct comparable method and income capitalisation approach in arriving at the open market value as at the balance sheet date. The direct comparable method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.

At each financial year end, the Group's finance department:
- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to prior year valuation report; and
- holds discussions with the independent valuer.

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

8 Investment properties (Cont'd)

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

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

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

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

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000 (Revised)	1 July 2017 RMB'000 (Restated)
Rental income	24	5,058	2,792	2,243
Direct operating expenses arising from investment properties that generated rental income		(3,488)	(45)	-

(f) Included in investment properties of RMB 161,750,000 as at 30 June 2017 is an amount totalling RMB 7,900,000 which 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 at fair value of RMB 8,000,000 as at 30 June 2018 have been fully written off to the profit or loss in the financial year ended 30 June 2018.

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

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

9 Investments in subsidiaries

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

The subsidiaries are:

Name	Country of Incorporation/ principal place of business	Cost of investments			Proportion of interests and voting rights held by the Group			Principal activities
		30 June 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 %**	30 June 2018 %	1 July 2017 %	
Held by the Company								
Fujian Wangsheng Industrial Co., Ltd. ("Wangsheng") * (福建望盛实业有限公司)	The People's Republic of China ("PRC")	**149,762**	149,762	149,762	**100**	100	100	Production and sales of processed food products
Nanping Yuanwang Foods Co., Ltd ("Yuanwang") * (南平市元旺食品有限公司)	PRC	**14,213**	14,213	14,213	**100**	100	100	Production and sales of semi-processed food products
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	100	Sales of edible fungi
Zhangping Senwang Forestry Co., Ltd ("Senwang") *,# (漳平市森旺林业有限公司)	PRC	**-**	-	-	**100**	100	100	Forestry management
Fuzhou Kangzhimei Foods Co., Ltd ("Kangzhimei") *,# (福州康之美食品有限公司)	PRC	**-**	-	-	**100**	100	100	Sales of processed food products
Feng Zhi Qiu International Holdings Company Limited (Hong Kong Special Administrative Region) ("Fengzhiqiu") * (丰之秋国际控股有限公司)	Hong Kong	**-**	-	-	**100**	100	100	Sales of processed food products
Held by Nanping Yuanwang Foods Co., Ltd								
Nanping Lijiashan Forestry Co., Ltd ("Lijiashan") *,# (南平市李家山林业有限公司)	PRC	**-**	-	-	**100**	100	100	Forestry management, cultivation and sales of edible fungi and vegetables

9 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 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 %**	30 June 2018 %	1 July 2017 %	
Held by Nanping Lijiashan Forestry Co., Ltd								
Sanming Shansheng Forestry Co., Ltd ("Shansheng") *,# (三明山盛林业有限公司)	PRC	**-**	-	-	**100**	100	100	Forestry management cultivation and sales of edible fungi and vegetables
		163,975	163,975	163,975				

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

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

10 Investments in associates

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

10 Investments in associates (cont'd)

The associates are as follows:

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

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

Aggregate information of associates that are not individually material

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

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

11 Prepayments

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

11 Prepayments (cont'd)

The movement is as follows:

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

12 Long term deposit

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

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

13 Deferred taxation

The Group	30 June 2019 RMB'000	30 June 2018 RMB'000 (Revised)
Deferred tax assets		
Balance at beginning of year	-	(2,005)
Tax charged to profit or loss		
- current year	-	2,005
Balance at end of year	-	-
Deferred tax liabilities		
Balance at beginning of year	32,126	16,642
Movement for the year	679	15,484
Balance at end of year	32,805	32,126

13 Deferred taxation (cont'd)

The balance comprises tax on the following temporary differences:

The Group	Note	Gain on valuation of investment properties RMB'000 (Revised)	Gain on revaluation of leasehold properties RMB'000 (Revised)	Undistributed earning of subsidiaries RMB'000	Total RMB'000 (Revised)
At 1 July 2017 (as restated)		12,931	-	3,711	16,642
Charged to other comprehensive income	26(e)	-	11,925	-	11,925
Charged to profit or loss (as revised)		3,559	-	-	3,559
		3,559	11,925	-	15,484
At 30 June 2018		**16,490**	**11,925**	**3,711**	**32,126**
Charged to other comprehensive income	26(e)	-	785	-	785
Charged to profit or loss	28	(106)	-	-	(106)
		(106)	785	-	679
At 30 June 2019		**16,384**	**12,710**	**3,711**	**32,805**

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

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

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

14 Inventories

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

* no information available

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

15 Trade and other receivables

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

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

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

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

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

Trade and other receivables are denominated in the following currencies:

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

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

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

16 Prepayment (current)

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

17 Cash and bank balances

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

Cash and bank balances are denominated in the following currencies:

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

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

18 Associates classified as held for sale

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

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

(i) The Group no longer has any bamboo plantations and as such, Tianwang no longer adds value to the Group;
(ii) Further losses would be prevented by discontinuing unprofitable investment projects; and
(iii) Providing the working capital for the Company to embark on subsequent projects.

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

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

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

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

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

19 Share capital

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

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

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

20 Other reserves

(a) Share-based payment reserve

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

(b) Statutory reserve

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

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

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

20 Other reserves (cont'd)

(c) Revaluation reserve

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

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

(d) Other reserve – non-distributable

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

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

21 Trade and other payables

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

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

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

21 Trade and other payables (cont'd)

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

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

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

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

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

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

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

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

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

Trade and other payables are denominated in the following currencies:

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

22 Bank borrowings

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

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

The loan is secured by a first ranking mortgage in the amount of S$ 1,530,000 [RMB7,770,000] (30 June 2018 - S$ 1,730,000 [RMB 8,390,000]; 1 July 2017 - RMB 7,971,000)] on its legal charges on an investment property (2018 – leasehold property) - an office unit in GSH Plaza, Singapore. Refer to Note 4(d) for the Company.

The Company has financial covenants attached to this term loan which relate to restriction of limits imposed on certain ratios to be maintained. During the financial year ended 30 June 2019, there are no known instances of any breach of loan covenants.

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

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

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

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

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

Interest is charged at 5.9% per annum.

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

22 Bank borrowings (Cont'd)

Bank borrowings are denominated in the following currencies:

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

23 Revenue

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

Disaggregation of revenue from contracts with customers

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

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

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

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

23 Revenue (cont'd)

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

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

24 Rental income from investment properties

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

25 Other operating income

The Group	Note	**30 June 2019 RMB'000**	30 June 2018 RMB'000 (Revised)
Exchange gain, net	27	**342**	84
Government subsidies		**50**	1,816
Interest income	27	**8**	-
Property tax refund		**-**	33
Sale of raw materials		**3,295**	-
Fair value gain on investment property		**-**	17,679
Reversal of impairment loss on leasehold property		**-**	532
Gain on refund of prepaid lease		**-**	4,390
Miscellaneous income		**718**	493
		4,413	25,027

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

Sale of raw materials consists of sales of aged stock.

26(a) Selling and distribution expenses

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

26(b) Administrative expenses

The Group	Note	30 June 2019 RMB'000	30 June 2018 RMB'000 (Revised)
Amortisation of land use rights	6, 27	**542**	542
Audit fees paid/payable to:			
- auditors of the Company	27	**669**	970
Non-audit fees:			
- auditors of the Company		**-**	412
Depreciation of property, plant and equipment	4(a)	**1,211**	453
Directors' fees	26(f)	**648**	656
Employee benefit costs		**5,565**	6,535
	26(f)	**6,213**	7,191
Legal and professional fees		**1,317**	1,070
Research expenses	27	**1,846**	5,089
Stamp duty and other taxes		**532**	1,267
Transport expenses		**922**	735
Utilities		**803**	872
Others		**2,597**	2,757
		16,652	21,358

26(c) Other operating expenses

The Group	Note	30 June 2019 RMB'000	30 June 2018 RMB'000 (Revised)
Cost of sale of raw materials		**5,121**	-
Impairment of associate classified as held for sale	18	**3,181**	-
Impairment loss on land use rights	6	**3,771**	-
Fair value loss on investment property	8	**1,259**	8,000
Write down of inventories to net realisable value	14	**1,274**	-
Unaccountable expenses		**-**	1,675
Others		**1,274**	484
		15,880	10,159

26(d) Finance costs

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

26(e) Other comprehensive income, net of tax

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

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

26(f) Employee benefit costs

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

Represented as follows:

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

Employee benefit costs are charged to:

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

27 Loss before taxation

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

28 Taxation

The Group	30 June 2019 RMB'000	30 June 2018 RMB'000 (Revised)
Current taxation		
- Current financial year	-	41
- Under provision in respect to prior years	89	58
	89	99
Deferred taxation		
- Origination and reversal of temporary difference	(106)	5,564
	(106)	5,564
	(17)	5,663

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

The Group	30 June 2019 RMB'000	30 June 2018 RMB'000 (Revised)
Loss before taxation	(35,021)	(5,200)
Income tax calculated at the applicable tax rate in PRC where the Group's taxable income is mainly derived	(8,755)	(1,300)
Tax effect of share of results of associates	(77)	(142)
Tax effect on non-taxable income	(168)	(3,470)
Tax effect on non-deductible expenses	2,110	1,943
Under provision in respect to prior years	89	58
Effect of different tax rates	418	354
Deferred tax asset not recognised	6,317	-
Origination and reversal of temporary difference	(106)	5,564
Others, including unreconciled items	155	2,656
	(17)	5,663

Applicable tax rate

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

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

28 Taxation (cont'd)

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

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

29 Loss per share

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000 (Revised)
Net loss attributable to equity holders of the Company	**(35,004)**	(10,863)

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

The Group	**30 June 2019 RMB**	30 June 2018 RMB (Revised)
Basic loss per share (cents)	**(19.8)**	(6.1)
Diluted loss per share (cents)	**(19.8)**	(6.1)

Basic loss per share

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

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

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

30 Related party transactions

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

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

31 Commitments

(i) Operating lease commitment (non-cancellable)

<u>Where Group is the lessee</u>

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

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

(ii) Capital commitments

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

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

(iii) Letter of undertaking

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

32 Statement of operations by segments

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

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

32 Statement of operations by segments (Cont'd)

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

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

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

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

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

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

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

Investment properties
During the current financial year ended 30 June 2019, the management has identified that the rental income from investment properties constitutes an operating business segment in accordance with accounting standard SFRS(I) 1-40. Accordingly, information on revenue from the rental income from investment properties and the related disclosure information required under SFRS(I) 1-40 for the current financial year has been presented as a new operating segment. The prior year has been restated in the current financial year for comparability purposes.

Self-cultivated edible fungi and moso bamboos
In the current financial year ended 30 June 2019, the management has determined that the self-cultivated edible fungi and moso bamboos segment is no longer a reportable segment following the disposal of the moso bamboo plantation and the eucalyptus trees operation in the financial year ended 30 June 2018. The change in the operating segment in respect of the self-cultivated edible fungi and moso bamboos is only with effect from 1 July 2018. Accordingly, the information on this segment in the previous financial year is not restated to reflect the change because the change only occurred during the financial year.

The eucalyptus trees comprises the excess harvested eucalyptus trees which are not in use as synthetic logs for production of edible fungi.

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

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

32 Statement of operations by segments (Cont'd)

(a) Business segments

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group for the year ended 30 June 2019:

The Group Year ended 30 June 2019	Investment properties RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
Revenue				
- Sale of goods	-	61,358	-	61,358
- Rental income	5,058	-	-	5,058
Segment results	3,121	(24,184)	(3,759)	(24,822)
Fair value loss on investment properties	(1,259)	-	-	(1,259)
Property, plant and equipment written off	-	(1)	-	(1)
Impairment of land use rights	-	(3,771)	-	(3,771)
Impairment on investment in associates classified as held for sale	-	(3,181)	-	(3,181)
Write-down of inventories to net realisable value	-	(1,274)	-	(1,274)
Finance costs	(252)	(152)	-	(404)
Share of loss of associates classified as asset held for sale	-	(309)	-	(309)
Profit/(loss) before taxation	1,610	(32,872)	(3,759)	(35,021)
Taxation	106	(89)	-	17
Profit/(loss) after taxation	1,716	(32,961)	(3,759)	(35,004)
Other segment items				
Capital expenditure				
- Property, plant and equipment	-	2,336	318	2,654
- Intangible assets	-	48	-	48
Property, plant and equipment written off	-	1	-	1
Fair value loss on investment properties	1,259	-	-	1,259
Impairment of land use rights	-	3,771	-	3,771
Depreciation and amortisation	-	4,285	106	4,391
Segment assets	180,698	142,454	639	323,791
Segment liabilities	5,448	31,561	2,459	39,468

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group for the year ended 30 June 2018:

The Group Year ended 30 June 2018	Investment properties RMB'000 (Restated)	Self-cultivated RMB'000 (Restated)	Processed food products RMB'000 (Restated)	Corporate RMB'000	Total RMB'000 (Revised)
Revenue					
- Sale of goods	-	10,059	97,042	-	107,101
- Rental income	2,792	-	-	-	2,792
Segment results	1,711	(1,809)	(12,425)	(4,776)	(17,299)
Reversal of impairment loss on leasehold property	-	-	-	532	532
Fair value gain on investment properties	17,679	-	-	-	17,679
Refunds from termination of unexpired prepaid leases of eucalyptus plantations	-	4,390	-	-	4,390
Investment properties written off	(8,000)	-	-	-	(8,000)
Unaccountable expenses	-	(197)	(1,478)	-	(1,675)
Finance costs	-	1	(169)	(93)	(261)
Share of associates' losses	-	-	(566)	-	(566)
Profit/(loss) before taxation	11,390	2,385	(14,638)	(4,337)	(5,200)
Taxation	(3,559)	(114)	(1,990)	-	(5,663)
Profit/(loss) after taxation	7,831	2,271	(16,628)	(4,337)	(10,863)

32 Statement of operations by segments (Cont'd)

(a) Business segments (Cont'd)

The Group Year ended 30 June 2018	Investment properties RMB'000 (Restated)	Self-cultivated RMB'000 (Restated)	Processed food products RMB'000 (Restated)	Corporate RMB'000	Total RMB'000 (Revised)
Other segment items					
Addition to biological assets – synthetic logs	-	2,756	-	-	2,756
Capital expenditure					-
- Property, plant and equipment	-	13	645	6	664
- Intangible assets	-	-	39	-	39
Investment properties written off	8,000	-	-	-	8,000
Fair value gain on investment properties	17,679	-	-	-	17,679
Depreciation and amortisation	-	183	869	117	1,169
Segment assets	173,352	6,092	170,392	8,897	358,733
Segment liabilities	-	1,170	64,292	9,764	75,226

During the current financial year ended 30 June 2019, the management has identified that the rental income from investment properties constitutes an operating business segment in accordance with accounting standard SFRS(I) 8. Accordingly, information on revenue from the rental income from investment properties and the related disclosure information required under SFRS(I) 8 for the current financial year has been presented as a new operating segment. The prior year has been restated in the current financial year for comparability purposes.

Comparative figures have been restated as follows:

Group - Year ended 30 June 2018	Investment properties RMB'000 (Revised)	Self-cultivated RMB'000	Processed food products RMB'000 (Revised)
Revenue			
- Rental income from investment properties– as previously stated	-	-	-
Restatement of rental income from investment properties for comparability purposes	2,792	-	-
- Rental income from investment properties – as restated	2,792	-	-
Results			
- Segment results – as revised	-	(1,870)	(10,653)
Restatement of segment result from investment properties for comparability purposes	1,711	61	(1,772)
- Segment results – as restated	1,711	(1,809)	(12,425)
- Fair value gain on investment properties – as revised	-	1,311	16,368
Restatement of fair value gain from investment properties for comparability purposes	17,679	(1,311)	(16,368)
- Fair value gain on investment properties – as restated	17,679	-	-
- Investment properties written off – as revised	-	-	(8,000)
Restatement of investment properties written off for comparability purposes	(8,000)	-	8,000
- Investment properties written off – as restated	(8,000)	-	-
- Taxation – as revised	-	(114)	(5,549)
Restatement of taxation from investment properties for comparability purposes	(3,559)	-	3,559
- Taxation – as restated	(3,559)	(114)	(1,990)
Other segment items			
- Investment properties written off – as revised	-	-	8,000
Restatement of investment properties written off for comparability purposes	8,000	-	(8,000)
- Investment properties written off – as restated	8,000	-	-

32 Statement of operations by segments (Cont'd)

(a) Business segments (Cont'd)

Comparative figures have been restated as follows (Cont'd):

Group - Year ended 30 June 2018	Investment properties RMB'000 (Revised)	Self-cultivated RMB'000	Processed food products RMB'000 (Revised)
- Fair value gain on investment properties – as revised	-	1,311	16,368
Restatement of fair value gain from investment properties for comparability purposes	17,679	(1,311)	(16,368)
- Fair value gain on investment properties – as restated	17,679	-	-
Segment assets			
- Segment assets – as previously stated	-	9,325	340,511
Restatement of investment properties for comparability purposes	173,352	(3,233)	(170,119)
- Segment assets – as restated	173,352	6,092	170,392

(b) Geographical segments

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

The Group	30 June 2019 RMB'000	30 June 2018 RMB'000
Revenue – sale of goods		
- Japan	**58,477**	90,851
- The People's Republic of China ("PRC")	**2,767**	15,403
- Netherlands	**114**	847
	61,358	107,101
Revenue – rental income – PRC	**5,058**	2,792

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

The Group	30 June 2019 RMB'000	30 June 2018 RMB'000
Non-current assets		
- The People's Republic of China	**255,590**	302,524
- Singapore	**7,772**	8,395
	263,362	310,919

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

The Group	30 June 2019 RMB'000	30 June 2018 RMB'000
Reportable segments' assets are reconciled to total assets:		
Segment assets	323,791	358,733
Investments in associates	-	43,423
Associates classified as asset held for sale	39,933	-
Deferred tax assets	-	-
VAT receivable	1,697	2,068
	365,421	404,224
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	39,468	75,226
Deferred tax liabilities	32,805	32,126
Current income tax payable	-	21
VAT payable	3,619	3,724
Government tax payable	196	494
	76,088	111,591

32 Statement of operations by segments (Cont'd)

(d) Information about major customers

The revenue from one customer of the Group's processed food products segment amounted to approximately RMB 48,848,000 (2018 - RMB 62,610,000) and accounted for 80% (2018 - 58%) of the Group's revenue.

33 Financial risk management objectives and policies

The Group does not have written risk management policies and guidelines. The Board of Directors meets periodically to analyse and formulate measures manage risks. The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and price risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

Generally, the Group employs a conservative strategy regarding its risk management. The Group does not hold or issue derivative financial instruments for trading purposes.

As at 30 June 2019 and 30 June 2018, the Group's financial instruments mainly consisted of cash and bank balances, financial assets and financial liabilities.

33.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group operates and sells its products in other countries other than PRC and transacts in foreign currencies. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to United States Dollar. However, the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes. The Company's currency exposures based on the information provided to key management is as follows:

The Company	Note	Singapore dollar RMB'000	United States dollar RMB'000	Total RMB'000
30 June 2019				
Trade and other receivables	15	**30**	**-**	**30**
Cash and bank balances	17	**497**	**7**	**504**
		527	**7**	**534**
Trade and other payables	21	**(2,459)**	**-**	**(2,459)**
Bank borrowings	22	**(5,448)**	**-**	**(5,448)**
		(7,907)	**-**	**(7,907)**
30 June 2018				
Trade and other receivables	15	17,743	-	17,743
Cash and bank balances	17	346	7	353
		18,089	7	18,096
Trade and other payables	21	(4,877)	-	(4,877)
Bank borrowings	22	(4,887)	-	(4,887)
		(9,764)	-	(9,764)
1 July 2017				
Trade and other receivables	15	16,881	-	16,881
Cash and bank balances	17	2,075	7	2,082
		18,956	7	18,963
Trade and other payables	21	(3,009)	-	(3,009)
Bank borrowings	22	(5,223)	-	(5,223)
		(8,232)	-	(8,232)

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

33.1 Foreign currency risk (Cont'd)

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

The Group	Note	Japanese yen RMB'000	Hong Kong dollar RMB'000	Singapore dollar RMB'000	United States dollar RMB'000	Total RMB'000
30 June 2019						
Trade and other receivables	15	**972**	**-**	**29**	**10,905**	**11,906**
Cash and bank balances	17	**-**	**3**	**502**	**8,503**	**9,008**
		972	**3**	**531**	**19,408**	**20,914**
Trade and other payables	21	**-**	**-**	**(2,459)**	**-**	**(2,459)**
Bank borrowings	22	**-**	**-**	**(5,448)**	**-**	**(5,448)**
		-	**-**	**(7,907)**	**-**	**(7,907)**
30 June 2018						
Trade and other receivables	15	78	-	6	35,538	35,622
Cash and bank balances	17	-	4	353	7,212	7,569
		78	4	359	42,750	43,191
Trade and other payables	21	-	-	(4,877)	(13,794)	(18,671)
Bank borrowings	22	-	-	(4,887)	-	(4,887)
		-	-	(9,764)	(13,794)	(23,558)
1 July 2017						
Trade and other receivables	15	76	-	29	43,410	43,515
Cash and bank balances	17	-	3	2,075	8	2,086
		76	3	2,104	43,418	45,601
Trade and other payables	21	-	-	(6,171)	(7,655)	(13,826)
Bank borrowings	22	-	-	(5,223)	-	(5,223)
		-	-	(11,394)	(7,655)	(19,049)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in foreign currencies (against RMB), with all other variables held constant, of the Company's and the Group's results net of tax and equity.

The Company	**30 June 2019** (Loss)/profit net of tax RMB'000	**30 June 2019** Equity RMB'000	30 June 2018 (Loss)/profit net of tax RMB'000	30 June 2018 Equity RMB'000	1 July 2017 (Loss)/profit net of tax RMB'000	1 July 2017 Equity RMB'000
	Increase/(Decrease)		Increase/(Decrease)		Increase/(Decrease)	
Singapore dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	**(306)**	**(306)**	(345)	(345)	(445)	(445)
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	**306**	**306**	345	345	445	445
United States dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	*	*	*	*	*	*
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	*	*	*	*	*	*

* Less than RMB 1,000

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

33.1 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

The Group	30 June 2019 (Loss)/profit net of tax RMB'000 Increase/(Decrease)	30 June 2019 Equity RMB'000	30 June 2018 (Loss)/profit net of tax RMB'000 Increase/(Decrease)	30 June 2018 Equity RMB'000	1 July 2017 (Loss)/profit net of tax RMB'000 Increase/(Decrease)	1 July 2017 Equity RMB'000
Japanese yen						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	**34**	**34**	-	-	(3)	(3)
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	**(34)**	**(34)**	-	-	3	3
Hong Kong dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	*	*	*	*	*	*
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	*	*	*	*	*	*
Singapore dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	**(306)**	**(306)**	390	390	386	386
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	**306**	**306**	(390)	(390)	(386)	(386)
United States dollar						
- strengthened 5% (2018 - 5%; 1 July 2017 - 5%)	**728**	**728**	(1,111)	(1,111)	(1,341)	(1,341)
- weakened 5% (2018 - 5%; 1 July 2017 - 5%)	**(728)**	**(728)**	1,111	1,111	1,341	1,341

* Less than RMB 1,000

33.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and the Group's financial instrument will fluctuate because of the changes in market interest rates.

The Company's and the Group's exposure to interest rate risk arises primarily from cash placed with financial institutions and bank borrowings. The table below sets out the carrying amount, by maturity, of the Company's and the Group's financial instruments that are exposed to interest rate risk:

The Company	Within 1 year RMB'000	1-2 years RMB'000	2-3 years RMB'000	More than 3 years RMB'000	Total RMB'000
30 June 2019					
Floating rate					
Bank borrowings	**(370)**	**(416)**	**(416)**	**(4,246)**	**(5,448)**
Cash and bank balances	**521**	**-**	**-**	**-**	**521**
30 June 2018					
Floating rate					
Bank borrowings	(378)	(407)	(407)	(3,695)	(4,887)
Cash and bank balances	370	-	-	-	370
1 July 2017					
Floating rate					
Bank borrowings	(380)	(380)	(380)	(4,083)	(5,223)
Cash and bank balances	2,131	-	-	-	2,131

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

33.2 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 2019					
Floating rate					
Bank borrowings	**(3,370)**	**(416)**	**(416)**	**(4,246)**	**(8,448)**
Cash and bank balances	**12,901**	**-**	**-**	**-**	**12,901**
30 June 2018					
Floating rate					
Bank borrowings	(4,378)	(407)	(407)	(3,695)	(8,887)
Cash and bank balances	10,540	-	-	-	10,540
1 July 2017					
Floating rate					
Bank borrowings	(380)	(380)	(380)	(4,083)	(5,223)
Cash and bank balances	6,628	-	-	-	6,628

33.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets, including cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts are not significant.

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Group's and the Company's major classes of financial assets are cash and cash equivalents, trade and other receivables. All trade receivables of the Group are due from third parties and receivable in the PRC.

The Company's and the Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that the counterparties fail to perform their obligations as of 30 June 2019 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statements of financial position. Cash is held with reputable financial institutions.

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.

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

33.3 Credit risk (cont'd)

Exposure to credit risk (Cont'd)

Trade receivables (Cont'd)
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 2019 are set out in the provision matrix as follows:

	Current	Past due				Total
		Within 30 days	31 to 60 days	61 to 90 days	More than 90 days	
	RMB'000	RMB '000	RMB '000	RMB'000	RMB'000	RMB'000
The Group						
Processed food products						
Trade receivables – Gross	**10,736**	-	-	8	1,211	**11,955**
Loss allowance	-	-	-	-	-	-

The Company have evaluated the credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2019 at RMB Nil as most of the trade receivables have been settled within a short period of time (within 90 days) after its year end.

Significant concentration of credit risks
Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total exposure. The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis.

Previous accounting policy for impairment of trade receivables
In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The trade receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:
- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 90 days overdue).

The Group	Past due				Total
	Within 30 days	30 to 60 days	61 to 90 days	More than 90 days	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2018					
Trade receivables					
Gross carrying amount					
- Not past due	-	-	-	-	19,070
- Past due but not impaired	-	-	15,708	-	15,708
- Past due and impaired	-	-	-	3,080	3,080
	-	-	15,708	3,080	37,858
Less: Allowance for impairment	-	-	-	-	-
Net carrying value	-	-	15,708	3,080	37,858

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

33.3 Credit risk (cont'd)

Exposure to credit risk (Cont'd)

Trade receivables (Cont'd)

The Group	Past due Within 30 days RMB'000	Past due 30 to 60 days RMB'000	Past due 61 to 90 days RMB'000	Past due More than 90 days RMB'000	Total RMB'000
As at 1 July 2017					
Trade receivables					
Gross carrying amount					
Not past due	-	-	-	-	96,235
Past due but not impaired	-	-	-	-	-
Past due and impaired	-	-	-	-	-
	-	-	-	-	96,235
Less: Allowance for impairment	-	-	-	-	-
Net carrying value	-	-	-	-	96,235

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

These trade receivables are creditworthy counterparties with good track record of credit history. Other than as disclosed in Notes 15 to the financial statements, management believes that no additional credit risk lies in the Group's trade and other receivables.

Other receivables, amount due from subsidiaries and amount due from associate
The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for future outlook of industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-months ECL and determined that the ECL is insignificant. Other than the above, there is no credit loss allowance for other financial assets at amortised costs as at 30 June 2018 and 1 July 2017.

33.4 Liquidity risk

Liquidity or funding risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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

33.4 Liquidity risk (cont'd)

Letter of undertaking

In addition to the liquidity risk table discussed in this section and as disclosed in Note 21, the Chief Executive Officer and Executive Director of the Company, Mr. Chen Qiuhai, has undertaken to the Company to repay any liabilities that could arise from the unaccountable balances of RMB 29,349,000.

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows over the remaining contractual maturities:

The Company	Less than 1 year RMB'000	Between 1 to 5 years RMB'000	Above 5 years RMB'000	Total RMB'000
As at 30 June 2019				
Trade and other payables	**3,974**	**-**	**-**	**3,974**
Bank borrowings	**612**	**2,448**	**3,900**	**6,960**
	4,586	**2,448**	**3,900**	**10,934**
As at 30 June 2018				
Trade and other payables	7,312	-	-	7,312
Bank borrowings	563	2,254	3,291	6,108
	7,875	2,254	3,291	13,420
As at 1 July 2017				
Trade and other payables	3,009	-	-	3,009
Bank borrowings	528	2,283	3,654	6,465
	3,537	2,283	3,654	9,474

The Group	Less than 1 year RMB'000	Between 1 to 5 years RMB'000	Above 5 years RMB'000	Total RMB'000
As at 30 June 2019				
Trade and other payables (less VAT and government tax)	**31,020**	**-**	**-**	**31,020**
Bank borrowings	**3,612**	**2,448**	**3,900**	**9,960**
	34,632	**2,448**	**3,900**	**40,980**
As at 30 June 2018				
Trade and other payables (less VAT and government tax)	66,339	-	-	66,339
Bank borrowings	4,563	2,254	3,291	10,108
	70,902	2,254	3,291	76,447
As at 1 July 2017				
Trade and other payables (less VAT and government tax)	200,233	-	-	200,233
Bank borrowings	528	2,283	3,654	6,465
	200,761	2,283	3,654	206,698

The unutilised bank credit facilities of the Group are as follows:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000
Unutilised bank credit facilities	**67,000**	28,312	32,482

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

33.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group's exposure to price risk arose from changes in bamboo and mushroom prices. The Group did not enter into derivative or other contracts to manage the risk of a decline in bamboo and mushrooms prices. The Group reviewed its outlook of bamboo and mushroom prices regularly in considering the need for active financial risk management.

33.6 Fair value measurements

Definition of fair value

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

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

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

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

	Level 1 RMB'000	Level 2 RMB'000 (Restated)	Level 3 RMB'000	Total RMB'000 (Restated)
30 June 2019				
Non-financial assets				
Investment properties	-	**180,698**	-	**180,698**
Leasehold properties	-	**62,162**	-	**62,162**
30 June 2018				
Non-financial assets				
Investment properties	-	173,352	-	173,352
Leasehold properties	-	70,328	-	70,328
1 July 2017				
Non-financial assets				
Investment properties (restated)	-	161,750	-	161,750
Leasehold properties	-	25,114	-	25,114

There were no transfers into or out of fair value hierarchy levels for financial years ended 30 June 2019 and 2018.

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

33.6 Fair value measurements (Cont'd)

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.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO office documents and reports its analysis and results of the external valuations to the Audit Committee on a yearly basis. The Audit Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

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

33.6 Fair value measurements (Cont'd)

Fair value measurement of non-financial assets

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 30 June 2019	30 June 2018	1 July 2017 (Restated)	Inter-relationship of key unobservable inputs and fair value
Investment properties						
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 300 Houyu Jingxi Town, Minhou County, Fuzhou City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	*	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**5%**	5%	*	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**27 RMB/ month**	27 RMB/ month	*	The higher the market rent, the higher the fair value of the investment property
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 2 Dongling Road, Minhou Economic and Technological Development Zone, Ganzhe Street Minhou County, Fuzhou City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	*	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**15%**	15%	*	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**19 RMB to 24 RMB/ month**	13 RMB to 28 RMB/ month	*	The higher the market rent, the higher the fair value of the investment property
Zhangping Fengwang Agricultural Products Co., Ltd Luoan Food Industrial Park, Houfu Village, Guilin Street, Zhangping City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	*	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**15%**	15%	*	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**7 RMB to 15 RMB/ month**	7 RMB to 15 RMB/ month	*	The higher the market rent, the higher the fair value of the investment property

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

33.6 Fair value measurements (Cont'd)

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs			Inter-relationship of key unobservable inputs and fair value
			30 June 2019	30 June 2018	1 July 2017 (Restated)	
Nanping Yuanwang Foods Co., Ltd Warehouse and shophouse located at No. 2 Shengfeng Road, Liantang Town, Pucheng County, Nanping City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	*	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**20% to 30%**	30%	*	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**9 RMB/ month**	9 RMB/ month	*	The higher the market rent, the higher the fair value of the investment property
The Company 20 Cecil Street #06-02 GSH Plaza Singapore 049705	Market approach – Comparison Method	Transacted price of comparable properties (per sqm)	**RMB 161,875 per sqm**	NA	*	The estimated fair value would increase/decrease if the transacted price of comparable properties was higher/lower.

NA – Not applicable
* No information available

34 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholders' value.

The Company and the Group manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company and the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2019 and 2018.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 19 and 20 to the revised financial statements.

As disclosed in Note 19(b) to the revised financial statements, the subsidiaries are required by relevant laws and regulations of the PRC to contribute and to maintain a non-distributable PRC statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 30 June 2019 and 2018.

The Group monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables plus bank borrowings less cash and cash equivalents.

34 Capital management (Cont'd)

Total capital is calculated as equity plus net debt.

	Note	The Company			The Group		
		30 June 2019 RMB'000	30 June 2018 RMB'000	1 July 2017 RMB'000	**30 June 2019 RMB'000**	30 June 2018 RMB'000	1 July 2017 RMB'000 (Restated)
Trade and other payables	21	**3,974**	7,312	3,009	**34,835**	70,557	204,449
Bank borrowings	22	**5,448**	4,887	5,223	**8,448**	8,887	5,223
		9,422	12,199	8,232	**43,283**	79,444	209,672
Less: Cash and bank balances	17	**(521)**	(370)	(2,131)	**(12,901)**	(10,540)	(6,628)
Net debt		**8,901**	11,829	6,101	**30,382**	68,904	203,044
Equity attributable to the equity holders of the Company		**295,314**	300,531	304,868	**289,333**	292,633	267,721
Total capital		**304,215**	312,360	310,969	**319,715**	361,537	470,765
Gearing ratio		**2.9%**	3.8%	2.0%	**9.5%**	19.1%	43.1%

There were no changes in the Company's and the Group's approach to capital management during the year.

35 Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

The Group	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Financial assets		
Trade and other receivables, excluding prepayment and VAT receivables (Note 15)	**18,144**	39,655
Cash and cash equivalents (Note 17)	**12,901**	10,540
	31,045	50,195
Financial liabilities		
Trade and other payables (Note 21)	**34,835**	70,557
Borrowings (Note 22)	**8,448**	8,887
	43,283	79,444

The Company	**30 June 2019 RMB'000**	30 June 2018 RMB'000
Financial assets		
Trade and other receivables (Note 15)	**146,595**	154,077
Cash and cash equivalents (Note 17)	**521**	370
	147,116	154,447
Financial liabilities		
Trade and other payables (Note 21)	**3,974**	7,312
Borrowings (Note 22)	**5,448**	4,887
	9,422	12,199

36 Restatement of the consolidated statement of profit or loss and other comprehensive income

During the current financial year, the Group has reclassified the presentation of the analysis of expenses recognised in profit or loss using a classification based on their function instead of a mixture of by function and by nature in the financial year ended 30 June 2018 which management believe will provide information that is reliable and that is more relevant. In addition, the management has identified during the current financial year ended 30 June 2019 that the rental income from investment properties is an operating business segment. Accordingly, information on revenue from the rental income from investment properties in the prior year has been restated in the current financial year for comparability purposes (Note 32).

The effect of the above reclassification of presentation of expenses and restatement of revenue from the rental income from investment properties identified as an operating business segment is shown below:

	Year ended 30 June 2018 RMB'000 (As revised)	**Year ended 30 June 2018 RMB'000** (As restated)
Revenue from rental income from investment properties	-	2,792
Other operating income	5,218	25,027
Other operating expenses	(484)	(10,159)
Fair value gain on investment properties	17,679	-
Refund from termination of unexpired prepaid leases of eucalyptus plantations	4,390	-
Reversal of impairment on leasehold property	532	-
Investment properties written-off	(8,000)	-
Unaccountable expenses	(1,675)	-

The reclassification is summarised as follows:

	Year ended 30 June 2018 RMB'000
Fair value gain on investment properties	17,679
Reversal of impairment on leasehold property	532
Refund from termination of unexpired prepaid leases of eucalyptus plantations	4,390
Others	2,426
Total other operating income	25,027
Investment properties written-off	(8,000)
Unaccountable expenses	(1,675)
Others	(484)
Total other operating expenses	(10,159)

37 Basis for Revision

Revising and re-filing of financial statements for FY2018 and FY2019

As announced on Singapore Exchange ("Exchange") on 2 August 2021, pursuant to the Accounting and Corporate Regulatory Authority ("ACRA")'s Financial Reporting Surveillance Programme, ACRA had issued a letter dated 30 July 2021 ("ACRA's Letter") under Section 202A of the Companies Act to the Company's in relation to the FY2018 audited financial statements ("FY2018"). The ACRA's Letter was issued following queries from the ACRA to the Company on 29 June 2020 and 3 December 2020 in relation to the FY2019 audited financial statements ("FY2019").

37 Basis for Revision (Cont'd)

The former board of director who authorised the FY2019 financial statements comprised the following directors:

Chen Qiuhai
Chang Feng-chang
Chua Ser Miang
Xie Yimin
Goi Lang Ling

The ACRA's Letter dated 30 July 2021 indicated that the Company had not complied with paragraph 22 of FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* because the change in accounting policy for investment properties, from a cost model to fair value model in the financial year ended 30 June 2018, had not been applied retrospectively.

The ACRA's Letter stated that ACRA had considered the Company's responses on 25 July 2020, 29 December 2020 and the meeting on 21 June 2021.

As at the date of this Auditor's Report, the board of directors ("New Board") comprised the following directors:

Chen Qiuhai
Chang Feng-chang
Goi Lang Ling
Tan Kah Ghee (appointed on 1 January 2021)
Liu Yi (appointed on 1 April 2021)
Chen Ying (appointed on 14 May 2021)

With effect from 20 April 2018, a new set of the Regulations has been issued to operationalise sections 202A and 202B which took effect on 20 April 2018, to allow:

(i) directors to voluntary revise financial statements that do not comply with the requirements of the Act (including compliance with the Accounting Standards); and
(ii) the Registrar of Companies to apply to court to require a company to revise its financial statements where defects had been detected.

In view of the Regulations, the New Board has voluntarily revised the FY2018 and FY2019 financial statements in accordance with section 202A of the Companies Act. On this basis, the Company's revised FY2019 financial statements has been remedied pursuant to ACRA's findings from the review of the FY2019 financial statements.

Effects of Revision

As a result of the change in the Group's accounting policy for investment properties, from a cost model to fair value model in the financial year ended 30 June 2018, prior year financial statements had to be restated. The effects of the revision on the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the financial year ended 30 June 2018 and the comparatives are summarised below.

There is no effect of revision on the statements of financial position of the Company and the Group as at 30 June 2018.

37 Basis for Revision (Cont'd)

Revision and comparative figures

The Group

(a) Consolidated statement of financial position

	1 July 2017		
	As previously stated RMB'000	Adjustments RMB'000	Revised RMB'000
Investment properties	108,820	52,930	161,750
Accumulated losses	(167,639)	39,999	(127,640)
Deferred tax liabilities	3,711	12,931	16,642

(b) Consolidated statement of profit or loss and other comprehensive income

	Year ended 30 June 2018		
	As previously stated RMB'000	Adjustments RMB'000	Revised RMB'000
Fair value gain on investment properties	66,815	(49,136)	17,679
Administrative expenses	(23,440)	2,082	(21,358)
Investment properties written off	(2,124)	(5,876)	(8,000)
Profit/(loss) before taxation	47,730	(52,930)	(5,200)
Taxation	(18,594)	12,931	(5,663)
Total profit/(loss) after taxation	29,136	(39,999)	(10,863)
Total comprehensive income/(expenses) for the year attributable to owners of the Company	64,911	(39,999)	24,912

	Year ended 30 June 2018	
	As previously stated Cents RMB	Revised Cents RMB
Earnings/(loss) per share:		
- Basic	16.5	(6.1)
- Diluted	16.5	(6.1)

(c) Consolidated statement of cash flows

	Year ended 30 June 2018		
	As previously stated RMB'000	Adjustments RMB'000	Revised RMB'000
Profit/(loss) before taxation	47,730	(52,930)	(5,200)
Depreciation of investment properties	2,082	(2,082)	-
Fair value gain on investment properties	(66,815)	49,136	(17,679)
Investment properties written off	2,124	5,876	8,000

38 Subsequent events

(a) Receipt of full penalty payment

On 29 July 2019, the Group announced that the Vendor of Fujian Tianwang Foods Co., Ltd ("Tianwang") is obliged to pay Fujian Wangsheng Industrial Co., Ltd ("Wangsheng") a 10% penalty based on RMB 50 million within the first three years of the date of the Proposed Acquisition. Based on the audited financial statements of Tianwang for the financial years ended 31 December 2016, 2017 and 2018, the total earnings amounted to approximately RMB 7.5 million. Accordingly, the Vendor shall pay the penalty of RMB 5 million to Wangsheng.

On 2 September 2019, the Group has received the full sum of RMB 5 million from the Vendor.

(b) Clarification and revised agreement for proposed disposal of 45% of the registered capital of Fujian Tianwang Food Co., Ltd (the "Proposed disposal")

Subsequent to the reporting year end date, the Company has announced to clarify that the English name of the Purchaser (金海国际控股有限公司) is Golden Sea International Holdings Limited instead of Jinhai International Holdings Limited, and that the Group has entered into a revised sale and purchase agreement with the Purchaser on 4 September 2019. The Purchaser agrees to purchase and Wangsheng agrees to sell 45% of the registered capital of Tianwang as follows:

(i) The Purchaser shall pay its wholly-owned subsidiary, Fujian Wangsheng ("Wangsheng"), at least RMB13,311,000 within 1 year from the date the Company obtains shareholders' approval for the Disposal (the "Effective Date");
(ii) The Purchaser shall pay Wangsheng the Consideration within 3 years from the Effective Date (the "Due Date");
(iii) If the Purchaser is unable to pay Wangsheng the Consideration of RMB 39,933,000 by the Due Date, the Purchaser shall be allowed an extension for a further 1 year from the Due Date;
(iv) Notwithstanding the above extension, the Purchaser shall pay Wangsheng at least RMB31,059,000 by the Due Date;
(v) The Purchaser may pay the Consideration in full at any time before the Due Date; and
(vi) At the end of each physical year from the Effective Date, Wangsheng shall transfer such amount of equity interest in the registered capital of Tianwang to the Purchaser corresponding to the amount of consideration paid by the Purchaser during that year.