

Revised financial statements
Yamada Green Resources Limited
and its subsidiaries

For the year ended 30 June 2018

Company information

Company registration number	201002962E
Registered office	7 Temasek Boulevard #32-01 Suntec Tower One Singapore 038987 (previously: 7 Temasek Boulevard #43-03 Suntec Tower One Singapore 038987 (effective from 22 January 2018))
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)
Secretaries	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 (Cont'd)

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: Yeo Boon Chye
(with effect from the financial year ended
30 June 2017)

**Yamada Green Resources Limited
and its subsidiaries**

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Directors' statement for the financial year ended 30 June 2018

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 2018.

This new directors' statement replaces the original directors' statement signed on 30 January 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 35 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 31 January 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 2018 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; and
- (b) at the date of the original directors' statement (30 January 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 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 January 2019	Movements during the period from 31 January 2019 to 23 August 2021			Directors in office at 23 August 2021
	Appointment	Deceased	Resignation	
Chen Qiuhai	-	-	-	Chen Qiuhai
Chang Feng-chang	-	-	-	Chang Feng-chang
-	Goi Lang Ling (appointed on 23.4.2019)	-	-	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
Goi Kok Neng	-	Goi Kok Neng (deceased on 3.2.2019)	-	-
Chua Ser Miang	-	-	Chua Ser Miang (resigned on 31.3.2021)	-
-	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:

	<u>Number of ordinary shares</u>			
	<u>Holdings registered in the name of the director</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>As at 01.07.2017</u>	<u>As at 30.06.2018</u>	<u>As at 01.07.2017</u>	<u>As at 30.06.2018</u>
The Company - <u>Yamada Green Resources Limited</u>				
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 2018.

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 January 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;
- 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;

Directors' interests (Cont'd)

The Scheme (Cont'd)

- 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
- 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:-

$$A = B \times C$$

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.

Directors' interests (Cont'd)

The Plan (Cont'd)

- 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 subsidiary.

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 subsidiary.

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 January 2019) comprises the following members:

Chang Feng-chang (Chairman)
Chua Ser Miang (resigned on 31 March 2021)
Goi Kok Neng (deceased on 3 February 2019)

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.

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 2018 as well as the independent auditor's report thereon;

Audit committee (Cont'd)

- (iv) met with the external auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (v) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vi) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- (vii) reviewed the nature and extent of non-audit services provided by the external auditor;
- (viii) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor and reviewed the scope and results of the audit;
- (ix) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- (x) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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

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

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

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

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

Independent auditor

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

Other information required by the SGX-ST

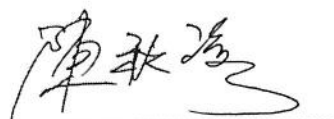
Material information

Apart from the Service Agreement between a director and the Company, there is no material contract to which the Company or any of its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year ended 30 June 2018.

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 29 to the revised financial statements.

On behalf of the Directors



CHEN QIUHAI



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

We were engaged to audit the revised financial statements of Yamada Green Resources Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended, and notes to the 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 January 2019.

The revised financial statements, seen as at the date of the original financial statements, have complied in so far as applied by Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018 (the "Regulations").

Disclaimer of Opinion of the Group

We do not express an opinion on the revised consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Opinion of the Company

In our opinion, the statement of financial position of the Company is prepared, in all material respects, in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act").

Basis for Disclaimer of Opinion

The Group

1. Complete set of books and records of the China subsidiaries and a Hong Kong subsidiary

As reported in the 2017 Annual Report, where we expressed a disclaimer on the Group's financial statements due to the limitation of scope arising from the manner in which the finance books and records were reconstructed and reproduced.

As fully explained in the 2017 Annual Report, the books and records were reconstructed and reproduced on the basis of available information and data from relevant sources (customers, contractors, suppliers and banks) and notarised letter of confirmations of amounts owing between the counter-parties and the China subsidiaries. We understand that there were cash transactions involved for sales made and services rendered by third parties. The manner in which the reproduced financial statements were reconstructed, management of the Group believed the basis of preparation is most appropriate.

For the financial year ended 30 June 2018 ("FY2018"), there were some uncertainties and material impact on the financial statements. The first two months of FY2018 were reconstructed on the same basis.

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

Basis for Disclaimer of Opinion (Cont'd)

1. Complete set of books and records of the China subsidiaries and a Hong Kong subsidiary (Cont'd)

For the period from 1 September 2017 to 30 June 2018, there were proper books and records maintained in so far as to account and reflect the occurrence of transactions during this period. Because of the offsetting arrangement, the deed of offset of certain receivables and most of the payables, management of the China subsidiaries continued to notarise before the PRC lawyers with facts on the transactions and the balances which remained outstanding as at 30 June 2018.

Our audit procedures, in so far as we were able to perform, relate mainly to the following:

- verified the supporting documents in photocopy obtained from third parties for the underlying transactions and balances that were reconstructed;
- physical site visits to all banks where we obtained bank confirmations and printed copy of bank statements provided by the banks directly to us;
- assessed and evaluated management experts like the independent professional valuers for the valuation of property, plant and equipment and investment properties as well as the use of legal counsel to obtain notarised letter with counter-parties;
- obtained confirmation of balances and transactions directly from customers, suppliers and contractors for selected balances to cross check with the notarised confirmation which include the facts of the receivables and payables; and
- conducted interview with certain suppliers, certain contractors and customers (including overseas customers) as to transactions entered into and the balances owing as at the reporting date.

During the reconstruction of the books and records, the directors of the Group also relied upon the documents provided by their counter-parties including the reprinting of bank advices and the bank statements from the banks for all the relevant periods, namely for the period from 1 July 2017 to 31 August 2017. Certain book entries were made based on available information from the counter-parties known to the management of the China subsidiaries, in particular, the off-setting of accounts between the China subsidiaries and counter-parties who acts as customer as well as supplier for the supply of mushrooms and bamboo shoots. The legal counsel of the China subsidiaries performed certain authentication procedures to formalise the indebtedness. Certain cash transactions made with the counter-parties and offsetting arrangements were also accounted for as a basis of recognising cash sales generated and provision of services rendered by third parties.

Based on the matters referred to in the foregoing paragraphs, we were unable to determine the completeness and accuracy of the recording of the transactions that occurred during the financial year ended 30 June 2018 and balances as of the reporting date. Though there were limited alternative audit procedures as mentioned above that can be carried out, we were unable to satisfy the extent of audit evidence being gathered to ensure that there were sufficient appropriate audit evidence due to the destruction of documents. However, in the opinion of the Board of Directors of the Company ("the Board") who considered that the manner in which the assets were being determined and the liabilities assumed were duly accounted for has been appropriately prepared and the Board reiterates the fact that they were not aware of any irregularities found or known to them other than matters reported herein regarding the books and records being maintained by the China subsidiaries and the Hong Kong subsidiary.

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

Basis for Disclaimer of Opinion (Cont'd)

1. Complete set of books and records of the China subsidiaries and a Hong Kong subsidiary (Cont'd)

The Board believes that, in so far as all known debtors and all known creditors are concerned, the amount owing to or by the China subsidiaries and a Hong Kong subsidiary have been reasonably resolved. Primarily, the deed of offset of certain receivables and most of the payables of the China subsidiaries were notarised before the PRC lawyers with facts on the transactions and balances remained outstanding as of the reporting date. There were no known pending legal matters as to the debts owing to or by the China subsidiaries whether before the Court in the PRC or by means of mediation process.

All assets were either impaired in full or reduced to their carrying amounts to reflect the recoverable amount of the assets that remained in the books as at the reporting date or were written off in profit or loss in the financial year ended 30 June 2018 as disclosed in the financial statements.

2. Opening balances

As fully explained in the 2017 Annual Report, because of the manner in which the 2017 books were reconstructed and reproduced, in so far as to the opening balances of the financial figures for the financial year ended 30 June 2017 to be carried and brought forward in the books, we were not able to ascertain the completeness and reliability of the information. There are no possible alternative procedures that can be performed to obtain sufficient appropriate audit evidence due to the limitations placed on the scope of our work.

3. Financial assets and financial liabilities, and revenue and loss for the year

As fully explained in the 2017 Annual Report, the manner in which information was obtained and the way in which the reconstruction of books and records were prepared and the extent of documents and information gathered and the reliance on available information from counter-parties on off-setting arrangements for receivables and payables, and cash transactions involved in certain China subsidiaries with their third parties, to reproduce the financial statements, the Board is aware of the limitations that are being imposed in the process and, therefore, which affect the accuracy and the reliability of the financial statements of the China subsidiaries within the Group and the consolidated financial statements of the Group.

In the case of processed food products, including mushrooms, and vegetables and convenience food products (mainly konjac-based), there were certain transactions being offset and agreed between the parties i.e. the sales and purchases were made from the same counter-parties who acts as supplier and customer. There were also cash transactions entered as well. We understand that certain documents supporting these transactions were provided by the counter-parties. These transactions for known sales made and known purchases made totalled RMB 403,600 and RMB Nil for the financial year ended 30 June 2018 respectively.

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

Basis for Disclaimer of Opinion (Cont'd)

3. Financial assets and financial liabilities, and revenue and loss for the year (Cont'd)

In respect to trade payables as of the reporting date, management of the China subsidiaries through its legal counsel obtained the notarised letters from the suppliers to confirm the supplies and payments made during the year, and the closing balance at the reporting date. As shown in Note 20 to the financial statements, as at 30 June 2018, included in trade and other payables was an amount of RMB 29,349,000 where management of the China subsidiaries could not provide any information as to the nature of these liabilities.

The Group reported the revenue and the cost of sales for the financial year under review to be RMB 107,101,000 and RMB 105,265,000 respectively. On the basis of information and explanation as described above, we were unable to ascertain the veracity of the sales and cost of sales and impact on the profit for the financial year ended 30 June 2018.

On the basis as described above, in so far as the financial assets and financial liabilities of the respective China subsidiaries were concerned, we were unable to ascertain the completeness and accuracy of such balances.

4. Unaccountable expenses

As shown in Note 24(d) to the financial statements, the management of the Group charged unaccountable expenses of RMB 1,675,000 to consolidated profit or loss for which there were no supporting documents and/or available information. There were no appropriate audit evidence regarding these unaccountable expenses and we were not able to perform alternative procedures due to the limitation of scope. Consequently, we were unable to determine the appropriateness of these adjustments as reported in the consolidated profit or loss for the financial year ended 30 June 2018.

5. Land use rights

As at the date of reporting, there was a land use right with a carrying amount of RMB 947,000 (Note 6) in relation to the parcel of land located at No. 2 Shengfeng Road, Liantang Town, Pucheng County, Nanping City Fujian Province, in the PRC where the grant of the leases for the two buildings may be subject to certain restrictions as to the intended use.

6. Internal controls and corporate governance

There was no internal audit performed for the financial year ended 30 June 2018. In view of the Fire Incident and the lack of corporate governance in reporting and communicating, and the matters described above, we were unable to evaluate whether the Company and the Group had operated within the appropriate internal control and corporate governance frameworks which may have, in certain extent, a pervasive effect, if any, on the financial statements.

As of the date of this report, the Board is still in the process of commissioning an independent internal control review.

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

Responsibilities of Management and Directors for the Revised Financial Statements

Management is responsible for the preparation of 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 Singapore Financial Reporting Standards ("FRSs"), 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.

The management and directors draw attention to the books and records for the financial period 1 July 2017 to 31 August 2017, the financial year ended 30 June 2017 as well as the prior years, that were burnt due to the Fire Incident. An assessment made by the police and fire bureau confirmed and certified that the fire was a normal incident.

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

Our responsibility is to conduct an audit of the Group's revised financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the revised financial statements of the Group.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the revised financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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

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

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

As fully explained in the 2017 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.

Opening balance of biological assets

In so far as the opening balance for biological assets were concerned, the impact of the split accounting regarding the biological assets and prepayments had been dealt with when the biological assets were disposed of during the financial year ended 30 June 2018.

The engagement partner on the audit resulting in this independent auditor's report is Yeo Boon Chye.



Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
23 August 2021

Statements of financial position

as at 30 June 2018

		The Company		The Group		
		30 June	30 June	30 June	30 June	1 July
		2018	2017	2018	2017	2016
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Revised)	(Restated)	(Restated)
ASSETS						
Non-Current Assets						
Property, plant and equipment	4	8,395	7,974	71,179	25,375	163,206
Biological assets	5	-	-	-	68,117	176,932
Land use rights	6	-	-	22,931	23,473	24,015
Intangible assets	7	-	-	34	-	2,700
Investment properties	8	-	-	173,352	161,750	37,557
Investments in subsidiaries	9	149,762	149,762	-	-	-
Investments in associates	10	-	-	43,423	43,989	44,966
Prepayments	11	-	-	-	-	341,012
Long term deposit	12	-	-	-	-	4,626
Deferred tax assets	13	-	-	-	2,005	2,005
		158,157	157,736	310,919	324,709	797,019
Current Assets						
Biological assets	5	-	-	-	-	7,380
Inventories	14	-	-	27,819	20,988	15,468
Trade and other receivables	15	154,077	153,215	54,820	141,775	130,428
Prepayments	16	126	18	126	18	57,073
Current income tax recoverable		-	-	-	-	63
Cash and bank balances	17	370	2,131	10,540	6,628	11,143
		154,573	155,364	93,305	169,409	221,555
Total assets		312,730	313,100	404,224	494,118	1,018,574
EQUITY						
Capital and Reserves						
Share capital	18	322,210	322,210	322,210	322,210	301,346
Share-based payment reserve	19(a)	2,016	2,016	2,016	2,016	2,016
Statutory reserve	19(b)	-	-	71,135	71,135	71,135
Revaluation reserve	19(c)	-	-	35,775	-	-
Accumulated losses		(23,695)	(19,358)	(138,503)	(127,640)	617,163
Total equity attributable to owners of the Company		300,531	304,868	292,633	267,721	991,660
LIABILITIES						
Non-Current Liabilities						
Bank borrowings	21	4,509	4,843	4,509	4,843	1,943
Deferred tax liabilities	13	-	-	32,126	16,642	5,210
		4,509	4,843	36,635	21,485	7,153
Current Liabilities						
Trade and other payables	20	7,312	3,009	70,557	204,449	14,614
Bank borrowings	21	378	380	4,378	380	1,512
Current income tax payable		-	-	21	83	3,635
		7,690	3,389	74,956	204,912	19,761
Total liabilities		12,199	8,232	111,591	226,397	26,914
Total equity and liabilities		312,730	313,100	404,224	494,118	1,018,574

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

Consolidated statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2018

The Group	Note	Year ended 30 June 2018 RMB'000 (Revised)	Year ended 30 June 2017 RMB'000 (Restated)
Revenue	22	107,101	224,072
Cost of sales		(105,265)	(396,703)
Gross profit/(loss)		1,836	(172,631)
Other operating income	23	5,218	4,724
Fair value gain on investment properties	8	17,679	45,729
Refunds from termination of unexpired prepaid leases of eucalyptus plantations	11	4,390	-
Loss from changes in fair value of biological assets	5	-	(99,229)
Reversal of impairment loss on leasehold property	4(d)	532	-
Impairment loss on leasehold property	4(d)	-	(924)
Selling and distribution expenses	24(a)	(2,511)	(6,698)
Administrative expenses	24(b)	(21,358)	(24,025)
Other operating expenses	24(c)	(484)	(2,100)
Investment properties written off	8(c)	(8,000)	-
Loss on disposal of biological assets	11	-	(1,753)
Prepayments written off	11	-	(334,548)
Unaccountable expenses	24(d)	(1,675)	(139,774)
Finance costs	24(e)	(261)	(112)
Share of loss of associates	10	(566)	(977)
Loss before taxation	25	(5,200)	(732,318)
Taxation	26	(5,663)	(11,084)
Loss for the year		(10,863)	(743,402)
Other comprehensive income after tax			
Items that will never be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment - leasehold properties	24(f)	35,775	-
Total comprehensive income/(expense) for the year attributable to owners of the Company		24,912	(743,402)
		Cents RMB (Revised)	Cents RMB (Revised)
Loss per share:			
- Basic	27	(6.1)	(423.0)
- Diluted	27	(6.1)	(423.0)

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

Consolidated statement of changes in equity

for the financial year ended 30 June 2018

The Group	Note	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Revaluation reserve RMB'000	Accumulated profits/ (losses) RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 July 2016							
- as reported		301,346	2,016	71,135	-	611,461	985,958
- restatement for change in accounting policy	35(b)	-	-	-	-	5,702	5,702
- as restated		301,346	2,016	71,135	-	617,163	991,660
Loss for the year, representing total comprehensive expense for the year (restated)	35(b)	-	-	-	-	(743,402)	(743,402)
<u>Contributions by and distributions to owners of the Company</u>							
Dividend paid during the year	28	-	-	-	-	(1,401)	(1,401)
Issue of placement shares	18	21,087	-	-	-	-	21,087
Share issue expenses	18	(223)	-	-	-	-	(223)
		20,864	-	-	-	(1,401)	19,463
At 30 June 2017		322,210	2,016	71,135	-	(127,640)	267,721
Loss for the year (restated)	35(b)	-	-	-	-	(10,863)	(10,863)
Other comprehensive income for the year		-	-	-	35,775	-	35,775
Total comprehensive income/(expense) for the year (restated)		-	-	-	35,775	(10,863)	24,912
At 30 June 2018		322,210	2,016	71,135	35,775	(138,503)	292,633

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

Consolidated statement of cash flows

for the financial year ended 30 June 2018

	Note	Year ended 30 June 2018 RMB'000 (Revised)	Year ended 30 June 2017 RMB'000 (Restated)
Cash Flows from Operating Activities			
Loss before taxation		(5,200)	(732,318)
Adjustments for:			
Amortisation of biological assets	5	193	7,380
Amortisation of land use rights	6	542	542
Amortisation of intangible assets	7	5	600
Amortisation of prepayments	11	-	47,435
Depreciation of property, plant and equipment	4(a)	1,169	3,927
Interest expense	24(e)	261	112
Interest income	23	-	(6)
Loss from changes in fair value of biological assets	5	-	99,229
Loss on disposal of biological assets	11	-	1,753
Reversal of impairment loss on leasehold property	4(d)	(532)	-
Impairment loss on leasehold property	4(d)	-	924
Prepayments written off	11	-	334,548
Fair value gain on investment properties	8	(17,679)	(45,729)
Investment properties written off	8(c)	8,000	-
Intangible assets written off	7	-	2,100
Unaccountable expenses	24(d)	-	135,091
Exchange gain	25	(84)	(55)
Share of loss of associates	10	566	977
Operating cash flows before working capital changes		(12,759)	(143,490)
Decrease in biological assets		67,924	-
Increase in inventories		(6,831)	(5,520)
Decrease/(increase) in trade and other receivables		86,847	(65,834)
(Decrease)/increase in trade and other payables		(133,891)	189,834
Cash generated from/(used in) operations		1,290	(25,010)
Income tax paid		(162)	(3,141)
Interest received		-	6
Net cash generated from/(used in) operating activities		1,128	(28,145)
Cash Flows from Investing Activities			
Proceeds from disposal of biological assets	11	-	10,809
Acquisition of property, plant and equipment (Note B)	4	(664)	(8,354)
Acquisition of intangible assets	7	(39)	-
Net cash (used in)/generated from investing activities		(703)	2,455
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares, net of issue costs	18	-	20,864
Proceeds from bank borrowings (Note A)		4,160	3,249
Repayment of bank borrowings (Note A)		(388)	(1,554)
Interest paid	24(e)	(261)	(112)
Dividends paid	28	-	(1,401)
Net cash generated from financing activities		3,511	21,046
Net increase/(decrease) in cash and cash equivalents		3,936	(4,644)
Cash and cash equivalents at beginning of year		6,628	11,143
Effect on foreign exchange of rate changes on cash and cash equivalents		(24)	129
Cash and cash equivalents at end of year (Note 17)		10,540	6,628

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

Consolidated statement of cash flows (Cont'd)

for the financial year ended 30 June 2018

Note A

Reconciliation of liabilities arising from financing activities

With effective from 1 January 2017, the Amendments to FRS 7 *Statements of Cash Flow* comes with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	Bank borrowings RMB'000
At 1 July 2017	5,223
<u>Cash flow</u>	
Additions	4,160
Repayments of principal/interest	(388)
<u>Non-cash changes</u>	
Exchange translation	(108)
At 30 June 2018	8,887

Note B

Property, plant and equipment

During the financial year ended 30 June 2018, the Group acquired property, plant and equipment with an aggregate cost of RMB 664,000 (2017 - RMB 12,980,000), of which RMB Nil (2017 - RMB 4,626,000) was transferred from long term deposit recorded in 2016 for the acquisition of an office unit (see Note 12). Cash payments of RMB 664,000 (2017 - RMB 8,354,000) were made to purchase property, plant and equipment.

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

Notes to the financial statements for the financial year ended 30 June 2018

1 General information

The financial statements of the Company and of the Group for the year ended 30 June 2018 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 24 October 2019, the registered office of the Company is located at 7 Temasek Boulevard #32-01 Suntec Tower One Singapore 038987 (previously 7 Temasek Boulevard #43-04 Suntec Tower One, Singapore 038987 (from 22 January 2018). The principal place of business is at No. 2 Dongling Road, Minhou Economic and Technological Development Zone, Ganzhe Street Minhou County, Fuzhou City, Fujian Province, The PRC.

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

2(a) Fire incident

The Board of Directors of the Company announced on 4 September 2017, that they have been informed by the management on 31 August 2017 of a fire incident involving a transport vehicle which took place at approximately 2.30 p.m. on 30 August 2017. The fire incident was reported to the police and fire authorities who attended to the incident.

The incident vehicle was in the midst of transporting certain finance documents and IT/computer hardware from the Group's Research and Development Centre ("R&D Centre") situated in Houyu Food Industry Zone of Minhou County, Fuzhou City, PRC to the Group's office premises situated in the Tie Ling Economic and Technological Development Zone of Minhou County, Fuzhou City, PRC ("Office Premises"). The preliminary assessment of the management was that a large part of the FY2017 and FY2018 finance documents for the Company's subsidiaries, and part of the FY2010 to FY2016 finance documents of the Company's subsidiaries, were likely to have been affected or destroyed by the fire. The affected finance documents include certain payment and receiving vouchers, invoices and banking-related advice and documents. Affected IT/computer hardware comprise office computers which contain records, back-ups and information on finance and related documents.

The transportation of the said finance documents and IT/computer hardware was pursuant to the management's decision to consolidate the finance team and records at the Office Premises. The finance team and records were then split between two locations – namely the R&D Centre and the Office Premises. The consolidation of the finance operations at the Office Premises was intended to improve operational and audit efficiency, and allow both finance staff and the then external auditors, BDO LLP easier access to key management.

2(b) 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 January 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 January 2019 and accordingly, do not consider any events which occurred between 31 January 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 35. The impacts of the revision are disclosed in Note 35 to the revised financial statements.

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Accounting Standards Council (“ASC”) of Singapore. The financial statements have been prepared 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.

Significant judgements and accounting estimates

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

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

Significant judgements in applying accounting policies

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

Revenue - Gross presentation

The Group assesses at the end of the balance sheet date whether the Group acts as a principal or an agent. To determine whether the Group acts as a principal, the Group considers factors such if the Group has primary responsibility for providing the goods or services to the customer, has latitude in establishing prices, either directly or indirectly and bears the customer’s credit risks for the amount receivable from the customers. 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.

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

Significant judgements in applying accounting policies (Cont'd)

Significant influence (Note 10)

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

The Group holds 45% interest in Fujian Tianwang Foods Co. Limited ("Tianwang") and its subsidiary, Sanming Sennong Forestry Co. Ltd ("Sennong"). 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

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

Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 20 years. The carrying amounts of the Company's and the Group's property, plant and equipment as at 30 June 2018 are RMB 8,395,000 (2017 - RMB 7,974,000) and RMB 71,179,000 (2017 - RMB 25,375,000) 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.

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 13,000 (2017 - RMB 1,000) and RMB 130,000 (2017 - RMB 436,000) lower respectively and RMB 11,000 (2017 - RMB 1,000) and RMB 106,000 (2017 - RMB 357,000) 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 4,000 (2017 - RMB 98,000) lower and RMB 4,000 (2017 - RMB 80,000) higher.

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

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

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 2018 is RMB 22,931,000 (2017 - RMB 23,473,000). 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 (2017 - RMB 60,000) lower and RMB 49,000 (2017 - 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 profit for the year will decrease/increase by 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 using the "fair value less costs of disposal" approach. Fair value is based on the revalued net assets of subsidiaries. In deriving the revalued net assets of these subsidiaries, the fair values of the underlying assets are estimated based on their expected selling prices and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. Management has evaluated the recoverability of the investment based on such estimates.

If present value of estimated future cash flows decrease by 10% from management's estimates, the Company's allowance for impairment will increase by RMB 1,421,000 (2017 - RMB 1,421,000).

2(b) Basis of preparation (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 2018 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 2018 was approximately RMB 3,711,000 (2017 - 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 26)

The Group has exposures to income taxes in numerous jurisdictions. 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(c) Interpretations and amendments to published standards effective in 2017/2018

On 1 July 2017, the Group adopted the new or amended FRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 7	Statement of Cash Flows	1 January 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrecognised Losses	1 January 2017

Amendments to FRS 7 *Statement of Cash Flows*

The Amendments to FRS 7 *Statement of Cash Flows* required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows - excluding contributed equity - to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way - e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances.

These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in. The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows to the financial statements.

Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrecognised Losses*

The amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments to FRS 12 is effective for annual periods beginning on or after 1 January 2017.

Management has reassessed all unrealised losses on debt instruments measured at fair value and there is no material impact.

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

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt 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.

The Group has performed an assessment of the impact of adopting the new financial reporting framework. Other than the adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of the new framework will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that as disclosed below.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases	1 January 2019

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:

Amendments to SFRS(I) 2 *Classification and Measurement of Share-based Payment Transactions*

The amendments to SFRS(I) 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- (i) The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- (ii) Share-based payment transactions with a net settlement feature for withholding tax obligations
- (iii) A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Companies are required to apply the amendments for annual periods beginning on or after 1 January 2018. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

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

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 *Financial Instruments* replaces the FRS 39 and it is a package of improvements introduced by SFRS(I) 9 which include a logical model for:

- Classification and measurement;
- A single, forward-looking "expected loss" impairment model; and
- A substantially reformed approach to hedge accounting.

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018.

Overall, the Group does not expect a significant change to the measurement basis arising from the adoption of the new classification and measurement model under SFRS(I) 9 based on its initial assessment of the impact on the Group's financial statements.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9.

The Group currently has no financial liabilities held at fair value.

Impairment - The Group plans to apply the 12-month approach and record lifetime expected impairment losses on all trade receivables.

The Group is currently performing a detailed analysis under SFRS(I) 9 which will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Management will consider whether the 12-month or lifetime expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of SFRS(I) 9.

Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new SFRS(I) 9.

SFRS(I) 15 *Revenue Contracts with Customers*

SFRS(I) 15 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfer of Assets from Customers* and INT FRS 31 *Revenue - Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018.

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

SFRS(I) 15 *Revenue Contracts with Customers* (Cont'd)

Management anticipates that the initial application of the new SFRS(I) 15 should not result in changes to the accounting policies relating to revenue recognition. However, additional disclosures for trade receivables and revenue may be required, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new SFRS(I) 15.

The standard clarifies how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

Management anticipates that the initial application of the new SFRS(I) 15 will result in changes to the accounting policies relating to sales of self-cultivated and processed food products. Additional disclosures will also be made, including any significant judgement and estimation made, if any. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new SFRS(I) 15.

SFRS(I) 16 *Leases*

SFRS(I) 16 *Leases* replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 *Leases* that are no longer considered fit for purpose, and is a major revision of the way in which lessees are required to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. SFRS(I) 16 *Leases* will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the entity has adopted SFRS(I) 15.

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

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 off 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 FRSs).

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

Transactions with non-controlling interest

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

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. 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.

3 Significant accounting policies (Cont'd)

Biological assets

Synthetic logs (including mycelia)

Synthetic logs were stated at cost less accumulated amortisation and any accumulated impairment losses. The cost of the synthetic logs included its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation was provided using units of production method over a period of seven months.

The cost of synthetic logs transferred from eucalyptus trees is at its fair value less costs to sell at harvest.

Eucalyptus trees and moso bamboo trees and bamboo shoots in plantations

Eucalyptus trees and moso bamboo trees and bamboo shoots in plantations were classified as biological assets and stated at fair value less costs to sell.

Gains or losses arising on initial recognition of plantations at fair value less costs to sell and from the change in fair value less costs to sell of plantations at the end of each financial year were included in profit or loss in the financial year in which they arose.

Biological assets that were expected to be realised in the next harvest within twelve months from the end of financial year were included as current assets.

Land use rights

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

Intangible assets

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

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

Computer software

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

3 Significant accounting policies (Cont'd)

Intangible assets (Cont'd)

E-commerce platform

The acquired e-commerce platform was initially capitalised at cost which included the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the platform for its intended use. Direct expenditure which enhanced or extended the performance of e-commerce platform beyond its specifications and which could be reliably measured was added to the original cost of the platform. Costs associated with maintaining e-commerce platform were recognised as an expense when incurred.

E-commerce platform was subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs were amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

During the financial year ended 30 June 2017, the cost incurred on the e-commerce platform has been written off to the income statement as the online sales business was not sustainable.

Government grant/subsidy

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

Investment properties

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

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

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

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

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

3 Significant accounting policies (Cont'd)

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.

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.

3 Significant accounting policies (Cont'd)

Investments in associates (Cont'd)

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal 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

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

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

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

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

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

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

As at 30 June 2018, 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.

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

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.

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.

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

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

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

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

3 Significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

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

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

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

Provisions

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

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

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

Dividends

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

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

Borrowing costs

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

3 Significant accounting policies (Cont'd)

Leases

Where the Group is the lessee,

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.

Prepaid leases

In the financial year ended 30 June 2017, the Group leased mushroom farmlands, eucalyptus plantations and bamboo plantations under operating leases and the leases ran for a period of 20 years, 10 years and 10 to 15 years respectively. The upfront lump-sum payments made under the leases were amortised to profit or loss on a straight-line method over the term of the leases. The amortisation amount of mushroom farmlands, eucalyptus plantations and bamboo plantations were included in cost of sales, administrative expenses and other expenses line of the consolidated statement of profit or loss and other comprehensive income.

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. The Group made provision for deferred tax liabilities on withholding tax of the forecasted dividend payout of the earnings of its China subsidiaries.

3 Significant accounting policies (Cont'd)

Income taxes (Cont'd)

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

Deferred income tax is measured:

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

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

Value-added tax

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

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

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

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

Employee benefits

Defined contribution schemes

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

Employee leave entitlements

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

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.

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.

3 Significant accounting policies (Cont'd)

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company and the Group if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.
- (b) An entity is related to the Company and the Group if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3 Significant accounting policies (Cont'd)

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.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

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

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

3 Significant accounting policies (Cont'd)

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes relevant value-added tax and is arrived at after deduction of trade discounts and rebates. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transactions can be measured reliably. 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.

Interest income

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

Rental income

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

Government grant/subsidy

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

Refund from termination of leases to plantations

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

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.

3 Significant accounting policies (Cont'd)

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.

4 Property, plant and equipment

The Company	Leasehold property RMB'000 (Revised)	Office equipment RMB'000	Total RMB'000 (Revised)
<u>Cost or valuation</u>			
At 1 July 2016	-	23	23
Additions	8,895	-	8,895
At 30 June 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
<u>Representing:</u>			
- Cost	-	14	14
- Valuation	8,783	-	8,783
At 30 June 2018	8,783	14	8,797
<u>Accumulated depreciation and impairment loss</u>			
At 1 July 2016	-	14	14
Depreciation for the year	-	6	6
Impairment loss	924	-	924
At 30 June 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
<u>Comprising:</u>			
- Accumulated depreciation	-	9	9
- Accumulated impairment loss	393	-	393
At 30 June 2018	393	9	402
<u>Net book value</u>			
At 30 June 2018	8,390	5	8,395
At 30 June 2017	7,971	3	7,974

Notes to the financial statements for the financial year ended 30 June 2018

4 Property, plant and equipment (Cont'd)

The Group	Note	Leasehold properties	Motor vehicles	Office equipment	Plant and machinery	Fixtures and fittings	Farm equipment and fixtures	Construction-in-progress	Unaccountable	Total
Cost or valuation		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2016 (as reported)		101,249	3,100	1,408	21,359	119	4,761	64,022	-	196,018
Unaccountable adjustments		(54,071)	(90)	(1,148)	(4,275)	493	(4,712)	1	63,802	-
At 1 July 2016, at cost (as disclosed)		47,178	3,010	260	17,084	612	49	64,023	63,802	196,018
Additions		8,894	-	4	215	52	-	3,815	-	12,980
Reclassifications		30,645	-	-	-	-	-	(30,645)	-	-
Transfer to investment properties	8	(43,687)	-	-	-	-	-	(37,193)	-	(80,880)
Unaccountable - written off	24(d)	(13,528)	(3,010)	(236)	(17,084)	(612)	(44)	-	(63,802)	(98,316)
At 30 June 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	24(f)	47,700	-	-	-	-	-	-	-	47,700
At 30 June 2018		75,234	43	41	539	180	5	136	-	76,178
Representing:										
- Cost		-	43	41	539	180	5	136	-	944
- Valuation		75,234	-	-	-	-	-	-	-	75,234
At 30 June 2018		75,234	43	41	539	180	5	136	-	76,178
Accumulated depreciation and impairment loss										
At 1 July 2016 (as reported)		12,985	1,620	978	14,780	44	2,405	-	-	32,812
Unaccountable adjustments		(8,200)	(102)	(863)	(3,661)	228	(2,362)	-	14,960	-
At 1 July 2016 (as disclosed)		4,785	1,518	115	11,119	272	43	-	-	32,812
Depreciation for the year		2,602	298	45	885	94	2	-	-	3,927
Impairment loss		924	-	-	-	-	-	-	-	924
Transfer to investment properties	8	(2,416)	-	-	-	-	-	-	-	(2,416)
Unaccountable - written off	24(d)	(1,507)	(1,816)	(141)	(11,996)	(360)	(40)	-	(14,960)	(30,820)
At 30 June 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)
At 30 June 2018		4,906	5	13	47	27	1	-	-	4,999
Comprising										
- Accumulated depreciation		4,514	5	13	47	27	1	-	-	4,607
- Accumulated impairment loss		392	-	-	-	-	-	-	-	392
At 30 June 2018		4,906	5	13	47	27	1	-	-	4,999
Net book value										
At 30 June 2018		70,328	38	28	492	153	4	136	-	71,179
At 30 June 2017		25,114	-	8	207	46	-	-	-	25,375

Notes to the financial statements for the financial year ended 30 June 2018

4 Property, plant and equipment (Cont'd)

(a) Depreciation is charged to:

The Group	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
Cost of sales		709	2,065
Administrative expenses	24(b)	453	1,853
Selling and distribution expenses	24(a)	7	9
Other operating expenses		-	-
		1,169	3,927

(b) During the financial year ended 30 June 2018, the Company and the Group change its accounting policy in relation to its leasehold properties from cost model to revaluation model. 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	
				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 2号2#厂房 2号1#生产车间 2号5#生产车间	14,850	50 years leasehold up to 29.07.2062	4,011 13,585 17,414 20,721	1,689 2,718 4,134 4,867
No. 2 Shengfeng Road Liantang Town, Pucheng County Nanping City Fujian Province, The PRC	厂房	5,816	41 years leasehold up to 26.01.2046	4,920	811
Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City Fujian Province, The PRC	办公楼 厂房	846	50 years leasehold up to 18.04.2063	1,287 -	1,410 1,514
20 Cecil Street #06-02 GSH Plaza Singapore 049705	Office unit #06-02	48	99 years leasehold up to 07.12.2088	8,390	7,971
				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 are as follows:

	Note	The Company		The Group	
		30 June 2018 RMB'000 (at valuation)	30 June 2017 RMB'000 (at cost)	30 June 2018 RMB'000 (at valuation)	30 June 2017 RMB'000 (at cost)
Carrying amount, - 2号5#生产车间	21(b)	-	-	20,721	4,867
- Office unit #06-02	21(a)	8,390	7,971	8,390	7,971
		8,390	7,971	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 2018	30 June 2017	30 June 2018	30 June 2017
	RMB'000	RMB'000	RMB'000	RMB'000
At net book value, - Leasehold properties	7,858	7,971	22,095	25,114

- (f) Included in additions of leasehold properties of RMB 8,894,000 during the financial year ended 30 June 2017, was a sum of RMB 4,626,000 relating to the deposits paid in 2016 for the acquisition of a new office unit located in GSH Plaza, Singapore (see Note 12).
- (g) As at 30 June 2016, construction-in-progress was related to the construction of 研发综合实验楼 located at No. 300 Houyu Jingxi Town, Minhou County, Fuzhou City, Fujian Province, the PRC. The construction of the said asset was completed and was transferred to investment properties during the financial year ended 30 June 2017 [See Note 8(a)].

Notes to the financial statements for the financial year ended 30 June 2018

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
<u>Cost or valuation</u>						
At 1 July 2016						
- at cost		-	-	-	7,380	7,380
- at valuation		49,195	127,737	176,932	-	176,932
		49,195	127,737	176,932	7,380	184,312
Utilisation		-	-	-	(7,380)	(7,380)
Disposal	11	(9,586)	-	(9,586)	-	(9,586)
Changes in fair value		(18,727)	(80,502)	(99,229)	-	(99,229)
At 30 June 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		-	-	-	-	-
<u>Accumulated amortisation</u>						
At 1 July 2016		-	-	-	-	-
Amortisation for the year	25	-	-	-	7,380	7,380
Utilisation		-	-	-	(7,380)	(7,380)
At 30 June 2017		-	-	-	-	-
Amortisation for the year	25	-	-	-	193	193
Utilisation		-	-	-	(193)	(193)
At 30 June 2018		-	-	-	-	-
<u>Carrying amount</u>						
At 30 June 2018		-	-	-	-	-
At 30 June 2017		20,882	47,235	68,117	-	68,117

5 Biological assets (Cont'd)

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:

	30 June 2018	30 June 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 produces 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	Range of not easily observed input factors		Inter-relationship between key unobservable inputs and fair value
		2018	2017	
Income approach	Estimated average number of moso bamboo	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")	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	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	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)	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)	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	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	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	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	Nil	1%	The higher the growth rate in bamboo shoots unit price, the higher the fair value.
Discounted cash flow calculation	Discount rate	Nil	17.53%	The higher the discount rate, the lower the fair value.

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		Inter-relationship between key unobservable inputs and fair value
		2018	2017	
Income approach	Operating cost on eucalyptus trees per mu	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	Nil	RMB80/100km/m ³	The higher the transportation cost on eucalyptus trees, the lower the fair value.
	Cutting cost on eucalyptus plantation	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	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	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	Nil	0%	The higher the growth cutting area design and timber scaling cost, the lower the fair value.
	Expected eucalyptus reserve (m ³ /mu)	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	Nil	71%	The higher the expected eucalyptus volume ratio, the higher the fair value.
	Estimated volume ratio for fuelwood	Nil	20%	The higher the estimated volume ratio for fuelwood, the lower the fair value.
Discounted cash flow calculation	Growth rate in eucalyptus timber unit price	Nil	1%	The higher the growth rate in eucalyptus timber unit price, the higher the fair value.
	Discount rate	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.

Notes to the financial statements for the financial year ended 30 June 2018

6 Land use rights

The Group	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
<u>Cost</u>			
Balance at beginning and at end of year		26,796	26,796
<u>Accumulated amortisation</u>			
Balance at beginning of year		3,323	2,781
Amortisation for the year	24(b), 25	542	542
Balance at end of year		3,865	3,323
Net book value		22,931	23,473

As at the end of the reporting period, land use rights of land area 16,400.68 square metres ("sqm") (2017 - 16,400.68 sqm) have been pledged to financial institutions to secure banking facilities [Note 21(b)].

Land use rights relate to the following parcel of lands:

Location	Acquired from	Period	Land area (sqm)	Net book value 30 June	
				2018 RMB'000	2017 RMB'000
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)	闽侯县国土资源局	41 years	22,833.30	1,514	1,560
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)	闽侯县国土资源局	50 years	14,389.61	16,214	16,582
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)	闽侯县国土资源局	50 years	16,400.68		
浦城县莲塘镇盛丰路 2 号	浦城县人民政府	41 years	20,636.68	947	980
漳平市桂林街道后福利工业	漳平市人民政府	50 years	19,678.00	4,256	4,351
				22,931	23,473

Notes to the financial statements for the financial year ended 30 June 2018

7 Intangible assets

The Group	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
<u>Cost</u>			
Balance at beginning of year		-	3,000
Additions		39	-
Written off	24(c), 25	-	(3,000)
Balance at end of year		39	-
<u>Accumulated amortisation</u>			
Balance at beginning of year		-	300
Amortisation for the year	24(a), 25	5	600
Written off	24(c), 25	-	(900)
Balance at end of year		5	-
Net book value		34	-

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

In the financial year ended 30 June 2017, intangible asset comprised an acquired e-commerce platform.

The e-commerce platform had been written off during the financial year ended 30 June 2017 due to poor financial performance and the management of the Group was of the view that the e-commerce business was not sustainable.

8 Investment properties

The Group	Note	30 June 2018 RMB' 000 (Revised)	30 June 2017 RMB' 000 (Restated)
<u>At valuation</u>			
Balance at beginning of year		161,750	37,557
Transfer from property, plant and equipment	4	1,923	78,464
Written off		(8,000)	-
Fair value gain		17,679	45,729
Balance at end of year		173,352	161,750

* No information available

8 Investment properties (Cont'd)

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

<u>Description and location</u>	<u>Gross floor area (sqm)</u>	<u>Tenure</u>	At fair value 30 June 2018	At fair value 30 June 2017
			RMB'000	RMB'000 (Restated)
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	132,390	117,070
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	37,729	36,780
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	3,233	-
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
			173,352	161,750

- (b) Investment properties are carried at fair value as at 30 June 2018 as determined by the independent professional valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited on 30 June 2018. 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 32.7.

- (c) 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.

Notes to the financial statements for the financial year ended 30 June 2018

8 Investment properties (Cont'd)

(d) As at 30 June 2018, investment properties totalling RMB 37,729,000 (2017 - Nil) of the Group had been pledged to financial institutions to secure bank facilities [Note 21(b)].

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

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

The Group	Note	30 June 2018 RMB'000 (Revised)	30 June 2017 RMB'000 (Restated)
Rental income	23	2,792	2,243
Direct operating expenses arising from investment properties that generated rental income		(45)	-

(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 2018 RMB'000	30 June 2017 RMB'000
At net book value, - investment properties	106,537	108,820

9 Investments in subsidiaries

The Company	30 June 2018 RMB'000	30 June 2017 RMB'000
Unquoted equity investments, at cost	163,975	161,909
Additions	-	2,066
	163,975	163,975
<u>Impairment loss on investment in a subsidiary</u>		
Balance at beginning of year	(14,213)	-
Impairment loss for the year	-	(14,213)
Balance at end of year	(14,213)	(14,213)
	149,762	149,762

During the financial year ended 30 June 2017, the Company increased its investment in a subsidiary, Fujian Wangsheng Industrial Co., Ltd. by US\$ 300,000 (RMB 2,066,000).

During the financial year ended 30 June 2017, the Company assessed the carrying amounts of its investments in subsidiaries for indications of impairment. Based on this assessment, the Company recognised an impairment loss of RMB 14,213,000 on its investment in a subsidiary, Nanping Yuanwang Foods Co., Ltd ("Yuanwang") where the recoverable amount of the investment has been determined based on the revalued net asset of Yuanwang as at 30 June 2017 which is classified under Level 3 of the fair value hierarchy. The said subsidiary ceased operations when it disposed of its bamboo plantations in August 2017.

9 Investments in subsidiaries (Cont'd)

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of interests and voting rights held by the Group		Principal activities
		2018 RMB'000	2017 RMB'000	2018 %	2017 %	
<u>Held by the Company</u>						
Fujian Wangsheng Industrial Co., Ltd. ("Wangsheng") * (福建望盛实业有限公司)	The People's Republic of China ("PRC")	149,762	149,762	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	100	100	Production and sales of semi-processed food products
<u>Held by Fujian Wangsheng Industrial Co., Ltd</u>						
Zhangping Fengwang Agricultural Products Co., Ltd ("Fengwang") * (漳平市丰旺农产品有限公司)	PRC	-	-	100	100	Sales of edible fungi
Zhangping Senwang Forestry Co., Ltd ("Senwang") ** (漳平市森旺林业有限公司)	PRC	-	-	100	100	Forestry management
Fuzhou Kangzhimei Foods Co., Ltd ("Kangzhimei") ** (福州康之美食品有限公司)	PRC	-	-	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	Sales of processed food products
<u>Held by Nanping Yuanwang Foods Co., Ltd</u>						
Nanping Lijiashan Forestry Co., Ltd ("Lijiashan") ** (南平市李家山林业有限公司)	PRC	-	-	100	100	Forestry management, cultivation and sales of edible fungi and vegetables
<u>Held by Nanping Lijiashan Forestry Co., Ltd</u>						
Sanming Shansheng Forestry Co., Ltd ("Shansheng") ** (三明市盛林业有限公司)	PRC	-	-	100	100	Forestry management, cultivation and sales of edible fungi and vegetables
		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 PRC regulations in the province.

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

Notes to the financial statements for the financial year ended 30 June 2018

10 Investments in associates

	30 June 2018 RMB'000	30 June 2017 RMB'000
The Group		
Unquoted equity investments, at cost	39,933	39,933
Share of post-acquisition profit	3,490	4,056
	43,423	43,989
Share of associates' results, net of tax	(566)	(977)

The associates are as follows:

Name	Country of incorporation / principal place of business	Proportion of interests and voting rights held by the Group		Principal activities
		2018 %	2017 %	
<u>Held by Wangsheng</u> Fujian Tianwang Foods Co., Ltd ("Tianwang") (福建省天旺食品有限公司)	PRC	45	45	Production of canned food (fruits and vegetables)
<u>Held by Tianwang</u> Sanming Sennong Forestry Co., Ltd ("Sennong") (三明森农林业有限公司)	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

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

Notes to the financial statements for the financial year ended 30 June 2018

11 Prepayments

		The Company		The Group	
	Note	30 June 2018 RMB'000	30 June 2017 RMB'000	30 June 2018 RMB'000	30 June 2017 RMB'000
Prepaid lease of mushroom farmlands, eucalyptus plantations and bamboo plantations		-	-	-	-
Prepaid maintenance cost		-	-	-	-
Prepaid other operating expenses		126	18	126	18
		126	18	126	18
Less: current portion	16	(126)	(18)	(126)	(18)
Non-current portion		-	-	-	-

The movement of prepaid lease of mushroom farmlands, eucalyptus plantations and bamboo plantations are analysed as follows:

	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
Balance at beginning of year		18	398,085
Addition		108	18
Amortisation	25	-	(47,435)
Written off to profit or loss (net)		-	(334,548)
Disposal (net)		-	(2,976)
Unaccountable (net)	24(d)	-	(13,126)
Balance at end of year		126	18

The remaining prepaid unexpired leases had been fully written off to profit or loss for the financial year ended 30 June 2017. The financial impact may be a loss of prepayments written off of RMB 334,548,000 as shown in the consolidated income statement.

Prepaid lease represented amounts paid by the Group for advance leases for the following:

Leases	Remaining lease period	Gross land area (mu)	
		30 June 2018	30 June 2017
Mushroom farmlands	N/A	-	519.5
Eucalyptus plantations	7 to 8 years	-	24,282
Bamboo plantations	7 to 11 years	-	129,426

Arising from the Fire Incident on 30 August 2017 that led to loss of financial records as described in Note 2(a) to the financial statements, certain adjustments were made to the financial books and records. These adjustments were related to prepaid lease amounted to RMB 13,126,000 where there is no information available and hence have been charged to the profit or loss under "Unaccountable expenses" for the financial year ended 30 June 2017. Refer Note 24(d) to the financial statements.

11 Prepayments (Cont'd)

Bamboo plantations

On 21 August 2018, the Board made an announcement that the leases to the moso bamboo plantations were disposed of in August 2017 but there were no proper authorisation by the Board. The total lease area was 129,696 mu instead of 129,426 mu, a difference of 270 mu.

All relevant information obtained from the Company's announcements regarding the acquisitions of the leases to the bamboo plantations made between financial year 2013 to 2016 for the total land area of 129,426 mu and aggregate carrying amounts of RMB 463,004,000 are as follows:

Subsidiary	Lease commencement date	RMB'000	Tenure	Size (Mu)	Location
Lijashan (南平市李家山林业有限公司)	23-Apr-13	59,336 [^]	15 years	11,032*	Yuantou Village, Shanxia Town, Pucheng County, Fujian Province, PRC
	5-May-14	78,901	10 years	22,543	Pucheng County, Fujian Province, PRC
	26-Jun-15	48,470	10 years	15,147	Pucheng County, Fujian Province, PRC
Shansheng (三明山盛林业有限公司)	9-Sep-14	234,500	10 years	67,000	Jiangle County, Fujian Province, PRC
	28-Jan-16	41,797	10 years	13,704	Jiangle County, Fujian Province, PRC
Total		463,004		129,426	

[^] per the Company's announcement on 26 April 2013, approximately RMB 39,557,000 payable by 20 May 2013 and the balance of RMB 19,779,000 by 20 May 2021.

* per the Company's announcement on 9 January 2019, it clarifies that the area of the plantations was inaccurately stated in the Company's announcement dated 26 April 2013 as 11,032 mu instead of 11,302 mu.

On 23 August 2017, the Group entered into sale and purchase contracts with the buyers, who were also the subcontractors for the subsidiaries' moso bamboo plantations for maintenance and pest control services, for the disposal of moso bamboo plantations totalling gross area of 129,696 mu with an aggregate consideration totalling RMB 47,235,000. Consequently, the corresponding unexpired leases were also terminated.

The consideration sums for the disposal of moso bamboo plantations were set off against the amounts owed to the buyers totalling RMB 47,330,000. According to the sale and purchase contracts, the disposal transaction was purely by way of offsetting of accounts. The net amount after the offsetting of RMB 95,000 was paid in cash.

The disposal transactions were completed on 23 August 2017.

11 Prepayments (Cont'd)

Eucalyptus plantations

All relevant information obtained from the Company's announcements regarding the acquisitions of the leases to the eucalyptus plantation since financial year 2015 for the total land area of 24,282 mu and aggregate carrying amount of RMB10,963,000 are as follows:

Subsidiary	Lease commencement date	RMB'000	Tenure	Size (Mu)	Location
Fengwang (漳平市丰旺农产品有限公司)	11-Jan-15	609	10 years	1,689	福建省漳平市溪南镇吾老村--后坑
	29-Nov-14	672	10 years	1,780	福建省漳平市溪南镇官坑村--前田坪, 水渠坑
	29-Nov-14	597	10 years	1,580	福建省漳平市溪南镇官坑村--洋头, 洋中坑
	21-Dec-14	366	10 years	1,031	福建省漳平市溪南镇金菊村--坑底, 大坪口
	21-Dec-14	414	10 years	1,082	福建省漳平市溪南镇下河村--上下合泉
	21-Dec-14	356	10 years	931	福建省漳平市溪南镇下河村--水坑
Senwang (漳平市森旺林业有限公司)	21-Dec-14	474	10 years	1,239	福建省漳平市溪南镇下河村--东湖里
	1-Jan-15	3,210	10 years	6,420	福建省漳平市新桥镇钱坂村--高美
	1-Jan-15	1,310	10 years	2,620	福建省漳平市新桥镇高美村--秀枝头
	1-Jan-15	1,740	10 years	3,480	福建省漳平市溪南镇管坑村--芹菜洋
Total	1-Jan-15	1,215	10 years	2,430	福建省漳平市新桥镇澎湖村--白坂
		<u>10,963</u>		<u>24,282</u>	

In July/August 2017, the Group had entered into sale and purchase contracts with buyers, who were also the subcontractors for the subsidiaries' eucalyptus plantations for maintenance and pest control services, for the disposal of eucalyptus plantations totalling gross area of 24,282 mu with an aggregate consideration totalling RMB 14,103,000. Consequently, the corresponding unexpired leases were also terminated. An amount totalling RMB 4,390,000 relating to refunds from termination of these unexpired prepaid leases of eucalyptus plantations were received during the financial year ended 30 June 2018.

The consideration sums for the disposal of eucalyptus plantations were set off against the amounts owed to the buyers totalling RMB 14,002,000. According to the sale and purchase contracts, the disposal transaction was purely by way of offsetting of accounts. The net amount after the offsetting of RMB 101,000 was paid in cash.

The disposal transactions were completed between July 2017 and August 2017.

11 Prepayments (Cont'd)

Loss on disposal of biological assets

During the financial year ended 30 June 2017, the biological assets and its related prepaid leases at Zhangping Senwang Forestry Co., Ltd (漳平市森旺林业有限公司) and Zhangping Fengwang Agricultural Products Co., Ltd (漳平市丰旺农产品有限公司) with carrying amount of RMB 10,370,000 and RMB 2,192,000 respectively were disposed of for consideration sum of RMB 8,879,000 and RMB 1,930,000 respectively. This resulted in loss on disposal of biological assets of RMB 1,492,000 and RMB 261,000 respectively being reported.

	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
Sales proceed		-	10,809
Less: Carrying value of prepaid leases		-	(2,976)
Less: Biological assets	5	-	(9,586)
Loss on disposal of biological assets		-	(1,753)

Mushroom farmlands

Arising from the Fire Incident on 30 August 2017, management are unable to provide relevant information for the mushroom farmlands.

12 Long term deposit

The Group and Company	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
<u>Deposit to acquire new office unit</u>			
Balance at beginning of year		-	4,626
Transfer to property, plant and equipment on completion of acquisition	4	-	(4,626)
Balance at end of year		-	-

During the financial year ended 30 June 2017, the deposit paid for the acquisition of a new office unit was transferred to leasehold property under property, plant and equipment [see Note 4(f)] upon completion of acquisition.

13 Deferred taxation

The Group	Note	2018 RMB'000 (Revised)	2017 RMB'000 (Restated)
Deferred tax assets			
Balance at beginning of year		(2,005)	(2,005)
Tax charged to profit or loss			
- current year	26	2,005	-
Balance at end of year		-	(2,005)
Deferred tax liabilities			
Balance at beginning of year		16,642	5,210
Movement for the year		15,484	11,432
Balance at end of year		32,126	16,642

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 2016 (as restated)		1,499	-	3,711	5,210
Charged to profit or loss	26	11,432	-	-	11,432
At 30 June 2017 (as restated)		12,931	-	3,711	16,642
Charged to other comprehensive income	24(f)	-	11,925	-	11,925
Charged to profit or loss	26	3,559	-	-	3,559
		3,559	11,925	-	15,484
At 30 June 2018		16,490	11,925	3,711	32,126

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 (2017 - RMB 3,711,000) as at 30 June 2018 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.

Notes to the financial statements for the financial year ended 30 June 2018

14 Inventories

	30 June 2018 RMB'000	30 June 2017 RMB'000
The Group		
At cost,		
Finished goods	10,986	5,220
Raw materials	16,833	15,768
	27,819	20,988
Cost of inventories charged to profit or loss	105,265	*

* No information available

15 Trade and other receivables

	The Company		The Group	
	30 June 2018 RMB'000	30 June 2017 RMB'000	30 June 2018 RMB'000	30 June 2017 RMB'000
Trade receivables	-	-	37,858	96,235
Other receivables				
- third parties	6	29	1,072	13,547
Non-trade amount owing by:				
- a subsidiary	154,071	153,186	-	-
- an associate	-	-	708	-
- related parties	-	-	17	5,897
VAT receivable	-	-	2,068	1,599
	154,077	153,215	3,865	21,043
Advances to suppliers	-	-	13,097	24,497
Total trade and other receivables	154,077	153,215	54,820	141,775

Trade receivables are due within 30 to 90 days (2017 - 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 2018 RMB'000	30 June 2017 RMB'000	30 June 2018 RMB'000	30 June 2017 RMB'000
Chinese renminbi	136,334	136,334	19,198	98,260
Japanese yen	-	-	78	76
Singapore dollar	17,743	16,881	6	29
United States dollar	-	-	35,538	43,410
	154,077	153,215	54,820	141,775

15 Trade and other receivables (Cont'd)

The directors of the Company are unable to provide the historical default rates, and accordingly, take the position as no impairment is necessary in respect of trade receivables not past due or past due but not impaired.

Other receivables of RMB 14,894,000 (2017 - RMB 43,941,000) (excluding VAT receivable) are neither past due nor impaired.

Impairment on trade and other receivables is made on specific debts for which the directors of the Group are of the opinion that debts are not recoverable.

Arising from the Fire Incident on 30 August 2017 that led to loss of financial records as described in Note 2(a) to the financial statements, certain adjustments were made to the financial books and records. These adjustments of RMB Nil (2017 - RMB 54,469,000) were related to account balances and transactions where there is no information available and hence have been charged to the profit or loss under "Unaccountable expenses" for the financial years ended 30 June 2018 and 30 June 2017. Refer Note 24(d) to the financial statements.

16 Prepayment (current)

	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
The Company and the Group			
Prepaid other operating expenses	11	126	18

17 Cash and bank balances

	The Company		The Group	
	30 June 2018 RMB'000	30 June 2017 RMB'000	30 June 2018 RMB'000	30 June 2017 RMB'000
Cash on hand	-	-	315	201
Bank balances	370	2,131	10,225	6,427
As per statement of cash flows	370	2,131	10,540	6,628

Cash and bank balances are denominated in the following currencies:

	The Company		The Group	
	30 June 2018 RMB'000	30 June 2017 RMB'000	30 June 2018 RMB'000	30 June 2017 RMB'000
Chinese renminbi	17	49	2,971	4,542
Hong Kong dollar	-	-	4	3
Singapore dollar	346	2,075	353	2,075
United States dollar	7	7	7,212	8
	370	2,131	10,540	6,628

18 Share capital

	Number of shares		Amount	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	'000	'000	RMB'000	RMB'000
The Company and the Group				
Issued and fully paid ordinary shares with no par value:				
Balance at beginning of year	176,798	162,200	322,210	301,346
Issuance of ordinary shares under placement shares, net of transaction cost	-	14,598	-	20,864
Balance at end of year	176,798	176,798	322,210	322,210

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

During the financial year ended 30 June 2017, the Company issued 14,598,013 new ordinary shares under placement shares for a consideration of RMB 21,087,000 (equivalent to S\$ 4,274,430), less transaction costs of RMB 223,000 (equivalent to S\$ 45,300). The said shares were issued to an individual, who has interest in an entity which is a customer and supplier to the Group (see Note 29). Consequent to the share placement, the said individual becomes a substantial shareholder of the Company.

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.

19 Other reserves

(a) Share-based payment reserve

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

(b) Statutory reserve

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

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

	30 June 2018	30 June 2017
	RMB'000	RMB'000
The Group		
<u>Statutory common reserve</u>		
Balance at beginning and at end of year	71,135	71,135

Notes to the financial statements for the financial year ended 30 June 2018

19 Other reserves (Cont'd)

(c) Revaluation reserve

Revaluation reserve arises from the revaluation of property, plant and equipment during the financial year ended 30 June 2018 in accordance with the requirements of FRS 16.

The Group	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
<u>Revaluation reserve</u>			
Movement during the year and balance at end of year	24(f)	35,775	-

20 Trade and other payables

	The Company		The Group	
	30 June 2018 RMB'000	30 June 2017 RMB'000	30 June 2018 RMB'000	30 June 2017 RMB'000
Trade payables	-	-	15,184	153,228
Trade amount owing to:				
- an associate	-	-	-	246
- other related parties	-	-	-	648
- a party which a substantial shareholder of the Company has interest in	-	-	-	440
Unaccountable balances	-	-	59	59
	-	-	15,243	154,621
Other payables	6	184	387	1,068
VAT payable	-	-	3,724	3,720
Government tax payable	-	-	494	496
Non-trade amount owing to:				
- a subsidiary	2,435	-	-	-
- an associate	-	-	1,752	-
- a party who is a substantial shareholder of the Company	-	-	13,794	7,850
Advances from customers	-	-	20	3,681
Accruals	4,871	2,825	5,853	3,723
Unaccountable balances	-	-	29,290	29,290
	7,312	3,009	55,314	49,828
	7,312	3,009	70,557	204,449

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

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

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

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

Unaccountable balances relate to amount balances and transactions where there is no information available.

Notes to the financial statements for the financial year ended 30 June 2018

20 Trade and other payables (Cont'd)

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	2,435	-	51,886	190,623
Singapore dollar	4,877	3,009	4,877	6,171
United States dollar	-	-	13,794	7,655
	7,312	3,009	70,557	204,449

21 Bank borrowings

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

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

The loan is secured by a first ranking mortgage in the amount of S\$ 1,730,000 [RMB 8,390,000 (2017 - RMB 7,971,000)] on its legal charges on a leasehold property - an office unit in GSH Plaza, Singapore [see Note 4(c)] belonging to 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 2018, 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 2.9% (2017 - 3.0%) per annum below the applicable Enterprise Base Rate. The effective interest rate of the term loan ranges from 2.45% to 3.85% (2017 - 2.25% to 2.45%) per annum.

- (b) 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(d)] 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.

Notes to the financial statements for the financial year ended 30 June 2018

21 Bank borrowings (Cont'd)

Bank borrowings are denominated in the following currencies:

	The Company		The Group	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	-	-	4,000	-
Singapore dollar	4,887	5,223	4,887	5,223
	4,887	5,223	8,887	5,223

22 Revenue

	30 June 2018	30 June 2017
	RMB'000	RMB'000
The Group		
Self-cultivated		
- edible fungi	-	40,545
- bamboo trees and bamboo shoots	346	54,264
- eucalyptus	9,713	1,000
	10,059	95,809
Processed food products	97,042	128,263
	107,101	224,072

23 Other operating income

		30 June 2018	30 June 2017
	Note	RMB'000	RMB'000
The Group			
Exchange gain, net	25	84	55
Government subsidies		1,816	2,370
Rental income	8(f)	2,792	2,243
Interest income	25	-	6
Property tax refund		33	-
Miscellaneous income		493	50
		5,218	4,724

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.

24(a) Selling and distribution expenses

		30 June 2018	30 June 2017
	Note	RMB'000	RMB'000
The Group			
Advertising fee		9	157
Amortisation of intangible assets	7	5	600
Courier expenses		1,613	5,282
Depreciation of property, plant and equipment	4	7	9
Employee benefit costs	24(g)	586	607
Others		291	43
		2,511	6,698

Notes to the financial statements for the financial year ended 30 June 2018

24(b) Administrative expenses

The Group	Note	30 June 2018 RMB'000 (Revised)	30 June 2017 RMB'000
Amortisation of land use rights	6, 25	542	542
Audit fees paid/payable to:			
- auditors of the Company	25	970	985
- other auditors	25	-	860
Non-audit fees:			
- auditors of the Company		412	-
- other auditors		-	129
Depreciation of property, plant and equipment	4	453	1,853
Directors' fees	24(g)	656	656
Employee benefit costs	24(g)	6,535	5,535
		7,191	6,191
Legal and professional fees		1,070	280
Research expenses	25	5,089	6,162
Stamp duty and other taxes		1,267	988
Transport expenses		735	605
Utilities		872	2,302
Others		2,757	3,128
		21,358	24,025

24(c) Other operating expenses

The Group	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
Intangible assets written off	7	-	2,100
Others		484	-
		484	2,100

24(d) Unaccountable expenses

The Group	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
Unaccountable expenses:			
Property, plant and equipment	4	-	67,496
Prepayments	11	-	13,126
Trade and other receivables	15	-	54,469
Non-cash items		-	135,091
Cash		1,675	4,683
		1,675	139,774

Arising from the Fire Incident on 30 August 2017 that led to loss of financial records as described in Note 2(a) to the financial statements, certain adjustments were made to the financial books and records. These adjustments were related to account balances and transactions where there is no information available and hence have been charged to the profit or loss under "Unaccountable expenses" for the financial years ended 30 June 2017 and 30 June 2018.

24(e) Finance costs

The Group	30 June 2018 RMB'000	30 June 2017 RMB'000
Interest expenses on bank loans	261	112

Notes to the financial statements for the financial year ended 30 June 2018

24(f) Other comprehensive income, net of tax

	Note	Before tax RMB'000	2018 Tax expense RMB'000	Net of tax RMB'000
The Group				
Revaluation gain on leasehold properties	4,13,19	47,700	(11,925)	35,775

		Before tax RMB'000	2017 Tax expense RMB'000	Net of tax RMB'000
The Group				
Revaluation gain on leasehold properties		-	-	-

24(g) Employee benefit costs

	30 June 2018 RMB'000	30 June 2017 RMB'000
The Group		
Salaries and related costs	18,992	14,020
Contributions to defined contribution plans	745	1,040
	19,737	15,060

Represented as follows:

	Note	The Company 30 June 2018 RMB'000	30 June 2017 RMB'000	The Group 30 June 2018 RMB'000	30 June 2017 RMB'000
Directors' fee	24(b)	656	656	656	656
Short-term benefits		944	1,163	1,507	1,621
		1,600	1,819	2,163	2,277
Others		-	-	17,574	12,783
		1,600	1,819	19,737	15,060
Analysed into:					
Directors of the Company		857	950	857	950
Directors of the subsidiaries		-	-	260	205
Key management personnel		743	869	1,046	1,122
		1,600	1,819	2,163	2,277
Other than directors and key management personnel		-	-	17,574	12,783
		1,600	1,819	19,737	15,060

Employee benefit costs are charged to:

	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
The Group			
Cost of sales		11,960	8,262
Selling and distribution expenses	24(a)	586	607
Administrative expenses	24(b)	7,191	6,191
		19,737	15,060

Notes to the financial statements for the financial year ended 30 June 2018

25 Loss before taxation

The Group	Note	30 June 2018 RMB'000 (Revised)	30 June 2017 RMB'000
Loss before taxation has been arrived at after charging:			
Amortisation of intangible assets	7	5	600
Amortisation of land use rights	6,24(b)	542	542
Amortisation of biological assets			
- synthetic logs	5	193	7,380
Amortisation of prepaid leases of:			
- bamboo plantations		-	44,323
- eucalyptus plantations		-	3,112
Amortisation of prepaid maintenance cost - eucalyptus plantations		-	*
Amortisation of prepaid other operating expenses		-	*
	11	-	47,435
Depreciation of property, plant and equipment	4(a)	1,169	3,927
Operating lease expenses - office premises		96	110
Maintenance cost - bamboo plantations		-	*
Outsourced cutting costs - bamboo shoots and bamboo trees		-	*
		-	*
Employee benefit costs	24(g)	19,737	15,060
Audit fees paid/payable to:			
- auditors of the Company	24(b)	970	985
- other auditors	24(b)	-	860
		970	1,845
Non-audit fees:			
- auditors of the Company		412	-
- other auditors		-	129
		412	129
Research expenses	24(b)	5,089	6,162
Loss on disposal of biological assets	11	-	1,753
Intangible assets written off	7	-	2,100
Unaccountable expenses	24(d)	1,675	139,774
and crediting			
Exchange gain, net	23	84	55
Interest income	23	-	6

* No information available

Notes to the financial statements for the financial year ended 30 June 2018

26 Taxation

The Group	Note	30 June 2018 RMB'000 (Revised)	30 June 2017 RMB'000 (Restated)
Current taxation			
- Current financial year		41	387
- Under/(over) provision in respect to prior years		58	(735)
		99	(348)
Deferred taxation			
Origination and reversal of temporary difference	13	5,564	11,432
		5,663	11,084

The tax expense 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 2018 RMB'000 (Revised)	30 June 2017 RMB'000 (Restated)
Loss before taxation	(5,200)	(732,318)
Income tax calculated at the applicable tax rate in PRC where the Group's taxable income is mainly derived	(1,300)	(183,080)
Tax effect of share of results of associates	(142)	(244)
Tax effect on non-taxable income	(3,470)	(12,036)
Tax effect on non-deductible expenses	1,943	148,538
Under/(over) provision in respect to prior years	58	(735)
Effect of different tax rates	354	(1,251)
Origination and reversal of temporary difference	5,564	11,432
Others, including unreconciled items	2,656	48,460
	5,663	11,084

Applicable tax rate

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

	<u>Tax rate</u>
The Company	17%
Wangsheng	25%
Yuanwang	25%
Kangzhimei	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.
Senwang	According to the approval issued by Zhangping State Tax Bureau dated 12 April 2012, Senwang has obtained full tax exemption for income tax from Fujian tax authority for income derived from cultivation of agricultural products up to 31 May 2031.
Lijiashan	According to the approval issued by Pucheng State Tax Bureau dated 9 January 2015, Lijiashan has obtained full tax exemption for income tax from Pucheng tax authority for income derived from cultivation of agricultural products up to 31 December 2015. The full tax exemption has been renewed to 31 December 2018.
Shansheng	According to the approval issued by Jiangle State Tax Bureau dated 25 November 2014, Shansheng has obtained full tax exemption for income tax from Jiangle tax authority for income derived from cultivation of agricultural products up to 21 July 2034.

Notes to the financial statements for the financial year ended 30 June 2018

26 Taxation (Cont'd)

In the financial year ended 30 June 2017, non-deductible expenses included in the tax reconciliation of the Group relate mainly to the write offs of prepayments, intangible assets, unaccountable expenses and gain/loss from changes in fair values of biological assets which are not tax deductible.

In the financial year ended 30 June 2018, non-deductible expenses included in the tax reconciliation of the Group relate mainly to depreciation and the write offs of unaccountable expenses which are not tax deductible.

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

27 Earnings/(loss) per share

	30 June 2018 RMB'000 (Revised)	30 June 2017 RMB'000 (Restated)
The Group		
Loss attributable to equity holders of the Company	(10,863)	(743,402)
	30 June 2018 '000	30 June 2017 '000
Weighted average number of ordinary shares outstanding for the purpose of diluted earnings per share	176,798	175,758
	30 June 2018 RMB	30 June 2017 RMB
The Group		
Basic loss per share (cents)	(6.1)	(423.0)
Diluted loss per share (cents)	(6.1)	(423.0)

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 2017, the weighted average number of shares outstanding during the period is the number of ordinary shares at the beginning of the period, adjusted by the number of ordinary shares issued in share placement (see Note 18) during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the periods.

Diluted loss per share

Diluted loss per share amounts are calculated by dividing net loss attributable to ordinary equity holders of the Company (for the purpose of diluted loss per share) by the weighted average number of ordinary shares outstanding during the financial period/year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares, if any. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the year or if later, the date of the issue of the potential ordinary shares.

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.

Notes to the financial statements for the financial year ended 30 June 2018

28 Dividends

	2018 RMB'000	2017 RMB'000
The Company		
<u>Dividends paid</u>		
- Ordinary dividends:		
First and final tax exempt (one-tier) dividend of RMB Nil (2017 - RMB0.00792) cents per share paid in respect of the previous financial year	-	1,401

On 11 October 2016, the Board of Directors of the Company recommended a first and final tax-exempt dividend of approximately RMB 0.008 per ordinary share amounting to RMB 1,298,000 based on 162,200,151 ordinary shares to be paid in respect of the financial year ended 30 June 2016.

Pursuant to the announcement dated 8 July 2016 on the results of the share placement, all 14,598,013 placement shares were allotted and issued by the Company on 27 July 2016 (Note 18). These placement shares rank *pari passu* in all respects with the then existing shares for any dividends, rights, allotments or other distributions which fall on or after the date of issues of right shares. As a result of this share placement, the final tax-exempt dividend paid amounted to approximately RMB 1,401,000 based on 176,798,164 ordinary shares in respect of the financial year ended 30 June 2017.

29 Related party transactions

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

	30 June 2018 RMB'000	30 June 2017 RMB'000
The Group		
Purchases from a party which a substantial shareholder of the Company has interest in	-	2,548
Purchases from a party related to a director of the Company	574	1,271
Purchases from an associate	3,329	24,600
The Company		
Settlement of liabilities on behalf by a subsidiary	833	347
Settlement of liabilities on behalf of a subsidiary	-	49
Advances from a subsidiary	1,602	-
Advances to a subsidiary	885	17,167

30 Commitments

(i) Operating lease commitment (non-cancellable)

Where Group is the lessee

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

	30 June 2018	30 June 2017
	RMB'000	RMB'000
The Group		
Not later than one year	47	96
Later than one year and not later than five years	47	-
Later than five years	-	-
	94	96

As at 30 June 2017, the non-cancellable operating lease commitment was related to the rental of office premises located at 105, Cecil Street, #22-00 The Octagon, Singapore 069534.

As at 30 June 2018, the non-cancellable operating lease commitment relates to the rental of mushroom farmland located at 漳平市溪南镇上坂村.

(ii) Capital commitments

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

	2018	2017
	RMB'000	RMB'000
The Group		
Purchase of synthetic logs	2,037	2,756

31 Statement of operations by segments

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

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

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

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

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

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

Allocation basis and transfer pricing

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

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

Business segments

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

Self-cultivated edible fungi and moso bamboos

The self-cultivated edible fungi segment comprises the shiitake mushroom cultivated at the Group's cultivation bases.

The self-cultivated moso bamboos comprises the spring bamboo shoots, winter bamboo shoots and bamboo trees.

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.

Notes to the financial statements for the financial year ended 30 June 2018

31 Statement of operations by segments (Cont'd)

(a) Business segments

	Self-cultivated edible fungi and moso bamboos		Processed food products		Corporate		Total
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group			(Revised)				(Revised)
Revenue							
Sales	10,059	95,809	97,042	128,263	-	107,101	224,072
Results							
Segment results	(1,870)	(132,202)	(10,653)	(63,383)	(4,776)	(17,299)	(200,730)
Fair value gain on investment properties	1,311	-	16,368	45,729	-	17,679	45,729
Refunds from termination of unexpired prepaid leases of eucalyptus plantations	4,390	-	-	-	-	4,390	-
Reversal of impairment loss on leasehold property	-	-	-	-	532	532	-
Loss from changes in fair value of biological assets	-	(99,229)	-	-	-	-	(99,229)
Impairment loss on leasehold property	-	-	-	-	-	(924)	(924)
Investment properties written off	-	-	(8,000)	-	-	(8,000)	-
Prepayments written off	-	(334,548)	-	-	-	-	(334,548)
Loss on disposal of biological assets	-	(1,753)	-	-	-	-	(1,753)
Unaccountable expenses	(197)	(46,748)	(1,478)	(93,026)	-	(1,675)	(139,774)
Finance costs	1	2	(169)	(35)	(93)	(261)	(112)
Share of associates' losses	-	-	(566)	(977)	-	(566)	(977)
Profit/(loss) before taxation	3,635	(614,478)	(4,498)	(111,692)	(4,337)	(5,200)	(732,318)
Taxation	(114)	-	(5,549)	(11,819)	-	(5,663)	(11,084)
Profit/(loss) for the financial year	3,521	(614,478)	(10,047)	(123,511)	(4,337)	(10,863)	(743,402)

Notes to the financial statements for the financial year ended 30 June 2018

31 Statement of operations by segments (Cont'd)

(a) Business segments (Cont'd)

	Self-cultivated edible fungi and moso bamboos		Processed food products		Corporate		Total	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RMB'000	RMB'000	RMB'000 (Revised)	RMB'000 (Restated)	RMB'000	RMB'000	RMB'000 (Revised)	RMB'000 (Restated)
The Group								
Other segment information								
Segment assets	9,325	140,583	340,511	289,893	8,897	16,049	358,733	446,525
Investments in associates	-	-	43,423	39,933	-	4,056	43,423	43,989
Segment liabilities	1,170	126,958	64,292	70,266	9,764	8,232	75,226	205,456
Capital expenditure								
- property plant and equipment	13	3	645	4,083	6	4,268	664	-
- intangible assets	-	-	39	-	-	8,354	39	-
Additions to biological assets – synthetic logs	2,756	-	-	-	-	-	2,756	-
Amortisation of land use rights	95	95	447	447	-	-	542	542
Amortisation of biological assets – synthetic logs	193	7,380	-	-	-	-	193	7,380
Amortisation of prepayments	-	47,435	-	-	-	-	-	47,435
Amortisation of intangible assets	-	-	5	600	-	-	5	600
Intangible assets written off	-	-	-	2,100	-	-	-	2,100
Investment properties written off	-	-	8,000	-	-	-	8,000	-
Depreciation of property, plant and equipment	183	200	869	3,721	117	6	1,169	3,927
Fair value gain on investment properties	1,311	-	16,368	45,729	-	-	17,679	45,729

31 Statement of operations by segments (Cont'd)

(b) Geographical segments

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

	2018 RMB'000	2017 RMB'000
The Group		
Revenue		
- Japan	90,851	*
- Netherlands	847	*
- The People's Republic of China	15,403	103,617
	107,101	224,072

* No information available

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

	2018 RMB'000 (Revised)	2017 RMB'000 (Restated)
The Group		
Non-current assets		
- The People's Republic of China	302,524	316,735
- Singapore	8,395	7,974
	310,919	324,709

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

	2018 RMB'000 (Revised)	2017 RMB'000 (Restated)
The Group		
Reportable segments' assets are reconciled to total assets:		
Segment assets	358,733	446,525
Investments in associates	43,423	43,989
Deferred tax assets	-	2,005
VAT receivable	2,068	1,599
	404,224	494,118

	2018 RMB'000 (Revised)	2017 RMB'000 (Restated)
The Group		
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	75,226	205,456
Deferred tax liabilities	32,126	16,642
Current income tax payable	21	83
VAT payable	3,724	3,720
Government tax payable	494	496
	111,591	226,397

(d) Information about major customers

The revenue from one customer of the Group's processed food products segment amounted to approximately RMB 62,610,000 (2017 - RMB 65,279,000) and accounted for 58% (2017 - 29%) of the Group's revenue.

32 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 2018 and 30 June 2017, the Group's financial instruments mainly consisted of cash and bank balances, financial assets and financial liabilities.

32.1 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
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	20	(4,877)	-	(4,877)
Bank borrowings	21	(4,887)	-	(4,887)
		(9,764)	-	(9,764)

The Company	Note	Singapore dollar RMB'000	United States dollar RMB'000	Total RMB'000
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	20	(3,009)	-	(3,009)
Bank borrowings	21	(5,223)	-	(5,223)
		(8,232)	-	(8,232)

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

32.1 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
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	20	-	-	(4,877)	(13,794)	(18,671)
Bank borrowings	21	-	-	(4,887)	-	(4,887)
		-	-	(9,764)	(13,794)	(23,558)
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	20	-	-	(6,171)	(7,655)	(13,826)
Bank borrowings	21	-	-	(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.

	2018 Increase/(decrease) on Profit/(loss) net of tax RMB'000		Equity RMB'000	2017 Increase/(decrease) on (Loss)/profit net of tax RMB'000		Equity RMB'000
The Company						
<u>Singapore dollar</u>						
- strengthened 5% (2017 - 5%)	(345)		(345)	(445)		(445)
- weakened 5% (2017 - 5%)	345		345	445		445
<u>United States dollar</u>						
- strengthened 5% (2017 - 5%)	*		*	*		*
- weakened 5% (2017 - 5%)	*		*	*		*

* Less than RMB 1,000

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

32.1 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

	2018		2017	
	Increase/(decrease) on		Increase/(decrease) on	
	Profit/(loss)	Equity	(Loss)/profit	Equity
	net of tax		net of tax	
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
<u>Japanese yen</u>				
- strengthened 5% (2017 - 5%)	-	-	(3)	(3)
- weakened 5% (2017 - 5%)	-	-	3	3
<u>Hong Kong dollar</u>				
- strengthened 5% (2017 - 5%)	*	*	*	*
- weakened 5% (2017 - 5%)	*	*	*	*
<u>Singapore dollar</u>				
- strengthened 5% (2017 - 5%)	390	390	386	386
- weakened 5% (2017 - 5%)	(390)	(390)	(386)	(386)
<u>United States dollar</u>				
- strengthened 5% (2017 - 5%)	(1,111)	(1,111)	(1,341)	(1,341)
- weakened 5% (2017 - 5%)	1,111	1,111	1,341	1,341

* Less than RMB 1,000

32.2 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:

	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Company					
2018					
Floating rate					
Bank borrowings	(378)	(407)	(407)	(3,695)	(4,887)
Cash and bank balances	370	-	-	-	370
2017					
Floating rate					
Bank borrowings	(380)	(380)	(380)	(4,083)	(5,223)
Cash and bank balances	2,131	-	-	-	2,131
The Group					
2018					
Floating rate					
Bank borrowings	(4,378)	(407)	(407)	(3,695)	(8,887)
Cash and bank balances	10,540	-	-	-	10,540
2017					
Floating rate					
Bank borrowings	(380)	(380)	(380)	(4,083)	(5,223)
Cash and bank balances	6,628	-	-	-	6,628

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

32.3 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. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties except for one (2017 - one) trade receivable from third party amounting to approximately 86% (2017 - 45%) of total trade receivables as at the end of the financial year.

The Company does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics other than the amount owing by a subsidiary.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank balances and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

As the Group and the Company do not hold any collateral as at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the statements of financial position.

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

32.4 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.

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

32.4 Liquidity risk (Cont'd)

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

	Less than 1 year RMB'000	Between 1 to 5 years RMB'000	Above 5 years RMB'000	Total RMB'000
The Company				
As at 30 June 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 30 June 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				
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 30 June 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:

	30 June 2018 RMB'000	30 June 2017 RMB'000
The Group		
Unutilised bank credit facilities	28,312	32,482

32.5 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.

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

32.6 Risk management strategy related to agricultural activities

The Group was exposed to the following risks relating to its eucalyptus trees and moso bamboo plantations:

Regulatory and environmental risks

The Group was subjected to laws and regulations in Fujian province, China in which it operated in. The Group had established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply and demand risk

The Group was exposed to risks arising from fluctuations in the price and sales volume of bamboo and mushrooms. When possible, the Group managed this risk by aligning its harvest volume to market supply and demand. Management performed regular industry trend analyses for projected harvest volumes and pricing.

Climate and other risk

The Group's eucalyptus trees and moso bamboo plantations were exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group had extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

32.7 Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers into or out of fair value hierarchy levels for financial years ended 30 June 2018 and 2017.

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

32.7 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 FRS 113 *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.

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

32.7 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		Inter-relationship of key unobservable inputs and fair value
			2018	2017 (Restated)	
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%		* The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	5%		* The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	27 RMB / Month		* The higher the market rent, the higher the fair value of the investment property
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%		* The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	15%		* The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	13 RMB to 28 RMB / Month		* The higher the market rent, the higher the fair value of the investment property
Luoan Food Industrial Park, Houfu Village, Guilin Street, Zhangping City Fujian Province, The PRC	Income approach	Capitalization Rate	5.50% to 6.00%		* The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	15%		* The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per)	7 RMB to 15 RMB / Month		* The higher the market rent, the higher the fair value of the investment property

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

32.7 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
			2018	2017 (Restated)	
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%		* The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	30%		* The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	9 RMB / Month		* The higher the market rent, the higher the fair value of the investment property

* No information available

33 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 2018 and 2017.

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 18 and 19 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 2018 and 2017.

33 Capital management (Cont'd)

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

Total capital is calculated as equity plus net debt.

	Note	The Company 30 June 2018 RMB'000	30 June 2017 RMB'000	The Group 30 June 2018 RMB'000	30 June 2017 RMB'000 (Restated)
Trade and other payables	20	7,312	3,009	70,557	204,449
Bank borrowings	21	4,887	5,223	8,887	5,223
		12,199	8,232	79,444	209,672
Less: Cash and bank balances	17	(370)	(2,131)	(10,540)	(6,628)
Net debt		11,829	6,101	68,904	203,044
Equity attributable to the equity holders of the Company		300,531	304,868	292,633	267,721
Total capital		312,360	310,969	361,537	470,765
Gearing ratio		3.8%	2.0%	19.1%	43.1%

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

34 Financial instruments

34.1 Fair values

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

34.2 Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category were as follows:

The Company	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
Financial assets			
Loans and receivables:			
Trade and other receivables (less VAT receivable and advances to suppliers)	15	154,077	153,215
Cash and bank balances	17	370	2,131
		154,447	155,346
Financial liabilities at amortised cost			
Trade and other payables (less VAT payable and government tax payable)	20	7,312	3,009
Bank borrowings	21	4,887	5,223
		12,199	8,232

The Group	Note	30 June 2018 RMB'000	30 June 2017 RMB'000
Financial assets			
Loans and receivables:			
Trade and other receivables (less VAT receivable and advances to suppliers)	15	39,655	115,679
Cash and bank balances	17	10,540	6,628
		50,195	122,307
Financial liabilities at amortised cost			
Trade and other payables (less VAT payable and government tax payable)	20	66,339	200,233
Bank borrowings	21	8,887	5,223
		75,226	205,456

35 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”).

The former board of director who authorised the FY2018 financial statements comprised the following directors:

Chen Qiuhai
Chang Feng-chang
Chua Ser Miang
Goi Kok Neng

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 revised financial statements, the board of directors (“New Board”) comprised the following 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)

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 voluntarily 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 FY2018 financial statements has been remedied pursuant to ACRA’s findings from the review of the FY2018 financial statements.

35 Basis for Revision (Cont'd)

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.

Revision and comparative figures

The Group

(a) Consolidated statement of financial position

	← 30 June 2017 →			← 30 June 2016 →		
	As previously stated RMB'000	Adjustments RMB'000	Revised RMB'000	As previously stated RMB'000	Adjustments RMB'000	Revised RMB'000
Investment properties	108,820	52,930	161,750	30,356	7,201	37,557
Accumulated losses	(167,639)	39,999	(127,640)	611,461	5,702	617,163
Deferred tax liabilities	3,711	12,931	16,642	3,711	1,499	5,210

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

	← Year ended 30 June 2018 →			← Year ended 30 June 2017 →		
	As previously stated RMB'000	Adjustments RMB'000	Revised RMB'000	As previously stated RMB'000	Adjustments RMB'000	Revised RMB'000
Fair value gain on investment properties	66,815	(49,136)	17,679	-	45,729	45,729
Administrative expenses	(23,440)	2,082	(21,358)	(24,025)	-	(24,025)
Investment properties written off	(2,124)	(5,876)	(8,000)	-	-	-
Profit/(loss) before taxation	47,730	(52,930)	(5,200)	(778,047)	45,729	(732,318)
Taxation	(18,594)	12,931	(5,663)	348	(11,432)	(11,084)
Total profit/(loss) after taxation	29,136	(39,999)	(10,863)	(777,699)	34,297	(743,402)
Total comprehensive income/(expenses) for the year attributable to owners of the Company	64,911	(39,999)	24,912	(777,699)	34,297	(743,402)

	← Year ended 30 June 2018 →				← Year ended 30 June 2017 →			
	As previously stated Cents RMB	Revised Cents RMB	As previously stated Cents RMB	Revised Cents RMB	As previously stated Cents RMB	Revised Cents RMB	As previously stated Cents RMB	Revised Cents RMB
Earnings/(loss) per share:								
- Basic		16.5		(6.1)		(442.5)		(423.0)
- Diluted		16.5		(6.1)		(442.5)		(423.0)

35 Basis for Revision (Cont'd)

Revision and comparative figures (Cont'd)

The Group (Cont'd)

(c) Consolidated statement of cash flows

	← Year ended 30 June 2018 →			← Year ended 30 June 2017 →		
	As previously stated RMB'000	Adjustments RMB'000	Revised RMB'000	As previously stated RMB'000	Adjustments RMB'000	Revised RMB'000
Profit/(loss) before taxation	47,730	(52,930)	(5,200)	(778,047)	45,729	(732,318)
Depreciation of investment properties	2,082	(2,082)	-	-	-	-
Fair value gain on investment properties	(66,815)	49,136	(17,679)	-	(45,729)	(45,729)
Investment properties written off	2,124	5,876	8,000	-	-	-