SOLIDIFYING OUR COHESIVE STRATEGIES

ANNUAL REPORT 2020

CONTENTS

CORPORATE PROFILE

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

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

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

OUR
PRODUCTS

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

GROUP STRUCTURE

Yamada Green Resources Limited

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

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

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

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

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

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

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

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

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

33.8962%
Fujian Tianwang Foods Co., Ltd *
(福建省天旺食品有限公司)
(incorporated in PRC on 5 Nov 2004) Production and supplies of processed food products, cultivation and sales of vegetables, and forestry management.

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

CEO'S STATEMENT

CHEN QIUHAI
Chief Executive Officer and Executive Director

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board") of Yamada Green Resources Limited ("Yamada" or the "Group"), I present Yamada's set of results for the financial year ended 30 June 2020 ("FY2020").

Year in Review

It has been an unprecedented year of challenges as the world was struck by the Novel Coronavirus ("COVID-19") pandemic that has curtailed businesses, economies and the daily lives of people globally. Our operations were also affected with a temporary closure during the peak of the outbreak in China. Fortunately, work has since resumed as the country progressively moved out of lockdown.

The COVID-19 outbreak aggravated an already volatile global economy due to the on-going trade war between the US and China. For the year under review, the Group navigated through these disruptions to deliver improved results across its business segments.

Total revenue for the year grew by 23.2% to RMB75.6 million, a RMB14.2 million increase from the RMB61.4 million recorded for FY2019. We saw stronger demand from both domestic and overseas customers. On the domestic front, the Group saw higher sales volume and average selling prices of its processed bamboo shoots, processed mushroom and konjac jelly. Meanwhile overseas customers drove revenue growth through higher demand for processed mushroom and bamboo shoots. We were also able to negotiate with our Japanese customers for a favourable adjustment in selling prices.

For our investment properties, revenue edged up by RMB0.2 million for a total of RMB5.3 million as we were able to rent out more space for the year under review.

As a result of the across the board improvement, the Group was able to recorded a turnaround year with a gross profit of RMB12.7 million for FY2020 as compared to the gross loss of RMB9.7 million in FY2019. Our gross profit margin also improved from a gross loss margin to 16.8% for the year under review.

Outlook and Strategy

In tandem with our efforts to improve the numbers, we made key changes refine our operations and group structure. These are milestones developments that bring us closer to being able to be a leading player in the industry and deliver sustainable value to our stakeholders.

In FY2019, we had proposed the sale of our stake in Fujian Tianwang Foods Co., Ltd ("Tianwang") which was previously acquired to synergise with our business. However, with its continuous loss-making position, we decided to realign our resources by divesting of our shares. To date, the proposal has been approved and we have divested 11.1038 % of the equity interest in the registered capital of Tianwang for a total of RMB9.85 million. The amount is part of an agreement which will see a total payment of RMB39.9 million made over the next three to four years and better position us to better focus on value-accretive initiatives.

As we look forward to the next financial year, the COVID-19 pandemic stands out as the most pressing challenge. At present the virus outbreak appears to be under control in China. However, a second outbreak in China and Japan would have significant impact on our business. The pandemic's disruptions to economic activities in the PRC and the region has led us to moderate projections of our growth momentum in the near future. Should the situation remain unstable or worsen, our financial performance for FY2021 may be affected.

While we aspire to deliver better numbers in the forthcoming year, we also prioritise the health and safety of our staff. We will continue to stringently observe and uphold safe distancing and personal hygiene measures dictated by the governments and do our part in curbing the spread of the virus. We have also formulated plans to ensure product safety, stable production and smooth sales to ensure business continuity should the situation become more challenging in future.

In addition to these new measures, we will continue to build rapport business relationships with major customers, focus on high value-added processed food products and proactively exploring avenues to acquire new customers to maintain the overall profitability. Meanwhile, we will actively promote our investment properties for lease. The Company, with the guidance of the company's professional team have continuously and constantly been engaging SGX to work towards the lifting of the suspension and the resumption of trading. During the financial year, Messrs Crowe Horwath First Trust Risk Advisory Pte. Ltd. was appointed to perform an annual internal audit and to conduct the internal control review to improve the internal control system of the company. The Management believes in building a stronger foundation and creating a sustainable growth for the Group.

Acknowledgements

The Group has made notable progress for the year under review but found itself facing a more challenging and volatile environment. Despite the external setting, we are confident that we have the assets, capabilities and most importantly, people and support to forge ahead. On behalf of the Board, I would like to thank the people who have made today possible and are integral to our tomorrow. My appreciation for our business partners, management, shareholders and our employees for their hard work in these trying times. With your support and faith, we are confident in making further progress toward unlocking and delivering sustainable value in FY2021 and beyond.

CHEN QIUHAI
Chief Executive Officer and Executive Director

首席执行官致辞

尊敬的各位股东，

我谨代表山田绿色资源有限公司（以下简称“山田”或“集团”）的董事会（“董事会”），呈报山田公司截至财政年度2020年6月30日的业绩报告。

2020年是一个前所未有的充满挑战的一年，新冠病毒（COVID-19）的传播对世界造成了冲击影响了全球企业、经济和人们的日常生活。

在中国爆发疫情高峰期间，集团位于福建的工厂被暂时关闭，集团的业务也因此受到影响。幸运的是，随着封锁逐步解除，工厂的营运已经逐渐恢复。

在中美贸易战不断升级的背景下，新冠肺炎疫情加剧了本已动荡的全球经济。在这一财政年度，集团成功度过这动荡时期，实现了比上个财年更好的业绩。

对比2019财年的6千1百40万元人民币，集团2020财年的总收入增长了23.2%或1千4百20万元人民币，达到7千5百60万元人民币。这主要是国内和海外客户的需求都比较强劲。在国内市场，集团加工食品中的竹笋、蘑菇和魔芋的销量和平均售价都有所提高。与此同时，除了海外客户对加工蘑菇和竹笋的需求增加，集团成功与日本客户协商，并对销售价格进行有利的调整，也进一步推动了收入的增长。

集团在2020财年的投资性房产收入增长了20万元人民币，达到了5百30万元人民币，主要是因为出租面积的增加。

综合以上原因，对比2019财年的9百70万元人民币的亏损，集团在2020财年实现了扭亏为盈，记录了1千2百70万元人民币的毛利润。

随着业绩的改善，我们也进一步完善集团的运营和结构。凭借这些改变，集团更接近于成为行业的领先企业，并为集团各利益攸关方创造可持续发展的价值。

在2019财年的股东大会上，股东们批准了提议出售集团在福建天旺食品有限公司（“天旺”）的股权提案。到2020年6月30日为止，买方按协议已支付集团9百85万元人民币，同时集团也转让了天旺注册资本中11.1038%的股权予买方。截止2020年8月21日，集团共计收到1千3百37万元人民币，这为我们未来发展打下坚实的基础。

在我们展望下一个财政年度之际，新冠肺炎疫情成为最紧迫的挑战。目前，疫情在中国已得到控制。然而，如果中国和日本的疫情无法有效控制，将对我们的业务产生重大影响。

由于疫情影响了中国和附近区域的经济活动，集团预计近期的增长将放缓。如果情况不稳定或继续恶化，集团2021财年的业绩将会受到影响。

尽管我们希望来年能实现更好的业绩，但我们也把员工的健康和安全放在首位。我们将继续严格遵守和维护政府规定的安全距离和个人卫生措施，为遏制病毒传播尽一份力。我们也制定了计划，确保产品安全、生产稳定、销售顺利，以确保在未来情况变得更具挑战性时业务能持续下去。

除了这些新措施外，我们将继续维护与主要客户的业务关系，重点关注高附加值的加工食品，并积极探索获取新客户的途径，以保持整体盈利能力。 同时，我们也会盘活公司现有的可供出租的建筑物，提升出租的价值以让公司的发展更加稳步健康。我们为了能让公司回归到上市公司正常状态，我们已经在公司专业团队的指导下，进行了相关工作，以确保公司及股东利益不受损失。在Crowe Horwath First Trust的指导下，对内部控制管理工作进行了全面检查，以避免管理监督风险，努力使公司未来的治理更加完善。管理层相信这样可以为集团建立更坚实的基础，并为可持续增长提供可靠的保障。

尽管集团在本财年取得了显著进展，但未来将面临着更大的挑战和更动荡的外部环境。虽然外部环境动荡，但我们有信心，凭借集团现有的资源和能力，及更重要的是员工和各方的支持，集团能够继续稳步前进。

我谨代表董事会，感谢造就了集团今天的成就的人们，也期许他们成为集团未来发展不可或缺的一部份。我也感谢我们的业务伙伴、管理层、股东和员工，感谢他们在这个艰难时期为集团作出的贡献。

在您的支持和信任下，我们有信心在2021财年及以后的时间里，建立成一家可持续发展和创造价值的公司，为股东增加回报。

陈秋海
首席执行官兼执行董事

Revenue

Group revenue for the financial year ended 30 June 2020 ("FY2020") saw marked improvement from the previous financial year ("FY2019") due to higher sales recorded for both domestic and overseas customers. The stronger demand drove a RMB14.2 million increase in revenue to RMB75.6 million for FY2020 from RMB61.4 million in FY2019. On the domestic front, we saw growing customer taste for our processed bamboo shoots, processed mushroom and konjac jelly which translated to higher sales volume and average selling price. Similarly, we were able to ramp up sales to our overseas customers for our processed mushroom and bamboo shoots. The Management also undertook extensive negotiation with our Japanese customers to accept an adjustment to selling prices.

Meanwhile, an increase in space rented out helped marginally improve revenue from our investment properties to RMB5.3 million from RMB5.1 million in FY2019.

Gross Profit

The abovementioned higher demand also led to a gross profit of RMB12.7 million as compared to a gross loss of RMB9.7 million in FY2019. Correspondingly, we reported a gross profit margin of 16.8% as compared to the gross loss margin disclosed in FY2019.

Other Operating Expenses

The Group's other operating expenses for FY2020 comprised of impairment of right of use assets, cost of raw materials and other miscellaneous expenses. In total, other operating expenses halved from RMB15.9 million in FY2019, to RMB7.6 million, a RMB8.3 million decrease. This was attributable to no fair value loss of investment properties, write down of inventories to net realizable value, and impairment of associates classified as held for sale recorded during the financial period.

Other Expenses

Finance costs remained unchanged at RMB0.4 million.

As a result of the factors above, the year under review was profitable with a profit after tax of RMB6.8 million, a turnaround from the loss after tax of RMB35.0 million for FY2019.

Financial Position

As we work to improve our performance year-on-year, we continue to closely monitor and maintain a healthy balance sheet.

The Group's non-current assets increased from RMB263.4 million as at 30 June 2019, to RMB280.3 million as at 30 June 2020. This was mainly due to acquisition of property, plant and equipment of RMB9.9 million and fair value gain on investment properties of RMB14.1 million recognised which was partially offset by the depreciation and amortisation expenses of RMB3.5 million and impairment of right of use assets of RMB7.0 million. The acquisition of property, plant and equipment was mainly incurred for the reconstruction of factory building and warehouse buildings. During the financial period, independent valuation experts were appointed to assess the fair value of the investment properties and leasehold properties of the Group.

In contrast, the Group's current assets decreased by RMB8.1 million to RMB54.0 million as at 30 June 2020, from RMB62.1 million as at 30 June 2019. This

OPERATIONS REVIEW

was mainly due to the reduction in inventories and trade and other receivables of RMB3.0 million and RMB16.4 million respectively which was partially offset by the increase in prepayments and cash and bank balances of RMB1.8 million and RMB9.5 million respectively. Our effective inventory control and reversal of write-down of inventories to net realizable value were the drivers behind the decrease in inventories. Furthermore, effective credit management and lower advances to suppliers helped lower trade and other receivables.

On a separate note, the Group's non-current liabilities increased by RMB6.0 million, from RMB37.9 million as at 30 June 2019 to RMB43.9 million as at 30 June 2020. This was mainly attributable to deferred tax liability derived from the valuation of leasehold properties and investment properties.

For FY2020, a decrease in trade and other payables and short-term bank borrowings of RMB16.5 million and RMB1.0 million resulted in current liabilities being lower by RMB17.5 million at RMB20.7 million as compared to RMB38.2 million as at 30 June 2019. The decrease in short-term bank borrowings was due to repayment of bank borrowings during the financial period.

Statement of Cash Flow

For the period under review, net cash inflow from operating activities saw healthy increase of RMB5.5 million to RMB11.1 million from RMB5.6 million in FY2019. This was mainly attributable to higher profits generated during the financial period coupled with lower receivables and inventories which were partially offset by lower payables.

The Group's net cash used in investing activities was RMB0.1 million in FY2020 mainly due to capital expenditure on acquisition of property, plant and equipment which was partially offset by receipts from disposal of investment in associates. The capital expenditure on acquisition of property, plant and equipment was mainly incurred for the reconstruction of factory building and warehouse buildings.

There was a net cash outflow of RMB1.8 million from financing activities in FY2020 mainly due to repayment of bank borrowings in the fourth quarter of FY2020 which was partially offset by earlier drawdowns of bank borrowings during the second quarter.

As a result of the above, cash and cash equivalents nearly doubled from RMB12.9 million in FY2019 to RMB22.4 million in FY2020.

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

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

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

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

BOARD OF DIRECTORS

Chua Ser Miang（蔡思勧）
Lead Independent Director

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

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

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

Goi Lang Ling (魏兰玲)
Non-Executive Director

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

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

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

BOARD OF DIRECTORS

Xie Yimin (谢益民)
Executive Director

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

KEY MANAGEMENT PERSONNEL

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chang Feng-chang
(Independent Non-Executive Chairman)

Chen Qiuhai
(Executive Director and Chief Executive Officer)

Xie Yimin
(Executive Director)

Chua Ser Miang
(Lead Independent Director)

Goi Lang Ling
(Non-Executive Director)

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

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

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

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PRINCIPAL PLACE OF BUSINESS
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COMPANY SECRETARY
Wong Chee Meng Lawrence

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

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

SOLICITOR
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Singapore 068804

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

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STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the "**Board**" or the "**Directors**") of Yamada Green Resources Limited (the "**Company**", together with its subsidiaries, the "**Group**") recognises the importance of sound corporate governance in protecting the interest of the shareholders as well as strengthening investors' confidence in the management and financial reporting of the Group. The Group is committed to ensuring and maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment, which helps to safeguard the interests of the shareholders of the Group. This corporate governance report describes the corporate governance framework and practices of the Group with specific reference made to the principles and guidelines of the Code of Corporate Governance 2018 (the "**Code**"). Unless otherwise stated, these practices were in place throughout the financial year ended 30 June 2020 ("**FY2020**").

BOARD MATTERS

The Board's Conduct of Affairs

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

<u>Provision 1.1</u>

The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. It supervises the Management of the business and affairs of the Group, provides corporate direction, monitors managerial performance and reviews financial results of the Group. The Board also sets the tone for the Company in respect of code of conducts, ethics, values and desired organisational culture and also ensures proper accountability within the Group. In addition, the Board is directly responsible for decision making in respect of the following matters:

a. providing entrepreneurial leadership and sets the overall strategy and direction of the Group;

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

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

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

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

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

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

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

i. declaration of interim dividend and proposal of final dividend;

j. review and approve interested party transactions and matters involving conflict of interest for substantial shareholders or Directors;

k. consider sustainability issues such as environmental factors; and

l. all other matters of material importance.

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

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

Provision 1.2

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

Upon appointment, the Company will arrange for the new Director who has had no prior experience as a director of a listed company to attend training conducted by Singapore Institute of Directors in accordance to Rule 201(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), at the expense of the Company, to enable him/her to discharge his/her duties effectively. Appropriate briefing and orientation will also be arranged for newly appointed Directors to familiarise them with the Group's business operation, strategic directions, director's duties and responsibilities, the corporate governance practices, policies on disclosure of interests in securities, the rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. They will also be given opportunities to visit the Group's operation facilities in the People's Republic of China and meet the Management so as to gain a better understanding of the Group's business. No new Director was appointed in FY2020.

Directors are also updated regularly on key regulatory and accounting changes at quarterly meetings. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (the "**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary would inform the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditor updates the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during the Board meetings.

Directors and key management personnel are encouraged to undergo relevant training to enhance their skills and knowledge, especially on new laws and regulations affecting the Group's operations. All the costs are borne by the Company.

Provision 1.3

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

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

Matters requiring board approval include the followings:

(1) approval of corporate plans and budgets;

(2) major investments/divestments and funding decisions;

(3) declaration of dividends or other returns to shareholders;

(4) announcements or press releases on SGXNet, including financial result announcements;

(5) transactions which are not in the ordinary course of business of the Company;

(6) major borrowings or corporate guarantees in relation to borrowings;

(7) new banking facilities and corporate guarantees;

(8) profit-sharing arrangements;

(9) incorporation or dissolution of any subsidiary;

(10) allotment and issuance of shares or declaration of dividends;

(11) operating budgets, annual report, Directors' statement and audited financial statements;

(12) change in corporate business strategy and direction; and

(13) material acquisitions and disposal of assets.

Provision 1.4

Board Committees

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Board Committees. The Board Committees consist of the AC, NC, and RC (collectively, "**Board Committees**"), each of which functions within clearly defined terms of reference (as detailed under Provisions 4.1, 6.1 and 10.1 of this report) and operating procedures which are reviewed on a regular basis. The Chairman of the respective Board Committees will report to the Board on the proceedings of the Board Committees meetings and their recommendations on the specific agendas mandated to the Board Committees by the Board. The composition and description of each Board Committee are also set out in other sections of this report.

Provision 1.5

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

The number of meetings held by the Board and Board Committees and attendance of Directors at the meetings for FY2020 is set out as follows:

Name of Directors	**Board Meetings**		**Audit Committee Meetings**		**Nominating Committee Meetings**		**Remuneration Committee Meetings**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Chang Feng-chang	4	4	4	4	1	1	1	1
Mr Chen Qiuhai	4	4	–	–	–	–	–	–
Mr Chua Ser Miang	4	4	4	4	1	1	1	1
Mr Xie Yimin	4	4	–	–	–	–	–	–
Ms Goi Lang Ling	4	4	4	4	1	1	1	1

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

Provision 1.6

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

Provision 1.7

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

Board Composition and Guidance

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

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

The list of Directors for FY2020 is as follows:

Mr Chang Feng-chang	Independent Non-Executive Chairman (the "**Chairman**")
Mr Chen Qiuhai	Executive Director and Chief Executive Officer (the "CEO")
Mr Chua Ser Miang	Lead Independent Director
Mr Xie Yimin	Executive Director
Ms Goi Lang Ling	Non-Executive Director

The profiles of the Directors are set out on pages 9 and 11 of this Annual Report.

Provision 2.1

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

The appointment period of each director should also be taken into consideration in determining his independence pursuant to Provision 2.1 of the Code.

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

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

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

Both Mr Chua Ser Miang and Mr Chang Feng-chang have abstained from the NC's and Board's deliberation on the matter pertaining to their respective position.

Provision 2.2

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

Provision 2.3

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

Provision 2.4

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

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

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

The Company does not have a Board diversity policy but it consists of professionals from various disciplines. The Board comprises persons with diverse expertise and experience in accounting, business and management, finance, legal and risk management who as a group provide a balance of skill, knowledge, experience and other aspects of diversity such as gender and age to the Company's business. This balance is important to promote the inclusion of different perspectives and ideas, mitigate against group think and ensure that the Company has the opportunity to benefit from all available talent and the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Group.

Despite not having an official Board diversity policy, the Board through the reviews and considerations above, is confident of maintaining and attracting a diverse and effective composition regardless of gender, race, ethnicity, religion, age or other aspect of diversity.

Provision 2.5

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

Chairman and Chief Executive Officer

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

Provision 3.1

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

Provision 3.2

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

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

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

Provision 3.3

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

Board Membership

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

Provision 4.1

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

The key roles of the NC are:

- make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board;
- review the Board structure, size, and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- identify and nominate candidates for the approval of the Board, to fill Board vacancies as and when they arise as well as put in place plans for succession, in particular for the Chairman and the CEO;
- determine the independence of Directors on an annual basis in accordance with Provision 2.1 and 2.2 of the Code;
- make recommendations to the Board for the continuation (or not) in services of any Director who has reached the age of seventy (70) years, if any;
- recommend Directors who are retiring by rotation to be put forward for re-election;
- decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations;
- recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards;
- reviewing training and professional development programs for the Board;
- assess the effectiveness of the Board as a whole; and
- decide on how the Board's performance may be evaluated and propose objective performance criteria.

Provision 4.2

The composition of the NC is:

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

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

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

Provision 4.3

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

Regulation 91 of the Constitution of the Company requires the number nearest to but not less than one-third of the Directors for the time being to retire from office by rotation and subject themselves for re-election by shareholders at the Annual General Meeting ("**AGM**") of the Company. It is also provided by Regulation 97 of the Constitution of the Company that any Director appointed during the financial year shall hold office only until the next AGM of the Company and shall then be eligible for re-election at the AGM of the Company. Each member of the NC shall abstain from voting on any resolutions in respect to his/her re-nomination as a director.

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

Name of Directors	Position held on the Board	Date of First Appointment	Date of Last Re-election
Mr Chen Qiuhai	Executive Director and CEO	8 February 2010	30 October 2019
Mr Xie Yimin	Executive Director	23 April 2019	30 October 2019
Mr Chua Ser Miang	Lead Independent Director	23 September 2013	27 February 2019
Mr Chang Feng-chang	Independent Non-Executive Chairman	17 September 2010	30 October 2019
Ms Goi Lang Ling	Non-Executive Director	23 April 2019	30 October 2019

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

Mr Xie Yimin will, upon re-election as a Director, remain as Executive Director of the Company. Mr Chua Ser Miang will, upon re-election as a Director, remain as the Lead Independent Director of the Company, the Chairman of RC and NC, and a member of the AC.

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

Name of Director	**Chua Ser Miang**	**Xie Yimin**
Date of appointment	23 September 2013	23 April 2019
Date of last re-appointment (if applicable)	27 February 2019	30 October 2019
Age	52	45
Country of principal residence	Singapore	People's Republic of China
The Board's comments on the NC's recommendation for re-election	The re-election of Mr Chua Ser Miang as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Chua Ser Miang qualifications, skills, expertise, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Xie Yimin as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Xie Yimin qualifications, skills, expertise, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Executive. Responsible for assisting CEO in developing and implementing the overall business strategy, overseeing the management and operation of Fujian Wangsheng Industrial Co., Ltd.
Job title	Lead Independent Director	Executive Director
Working experience and occupation(s) during the past 10 years	2013 – Present: Eastwin Capital Pte Ltd (Director) 2017 – Present: Aoxin Q&M Dental Group Ltd (Non-Executive Independent Chairman) Aug 2013 – Jul 2014: Stamford Management Pte Ltd (Principal Consultant) 2006 – 2012: DMG & Partners Securities (Director, Corporate Finance)	April 2019 – Present: Yamada Green Resources Limited (Executive Director) 2016 – April 2019: Fujian Wangsheng Industrial Co., Ltd. (Assistant General Manager) 2013 – 2016: Chaohu Meixiang Shoes Co., Ltd. (General Manager) 2007 – 2013: Jiexi Trade (Shanghai) Co., Ltd. (Assistant General Manager)
Shareholding interest in the listed issuer and its subsidiaries	No	No

Name of Director	Chua Ser Miang	Xie Yimin
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes	Yes
Other Principal Commitments including Directorships	2013 – Present: Eastwin Capital Pte Ltd (Director) 2017 – Present: Aoxin Q&M Dental Group Ltd (Non-Executive Independent Chairman)	No
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

Name of Director	Chua Ser Miang	Xie Yimin
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

Name of Director	Chua Ser Miang	Xie Yimin
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or government body, permanently or temporarily enjoying him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No

Name of Director	Chua Ser Miang	Xie Yimin
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a Director of an issuer listed on the Exchange?	Yes	No
If yes, please provide details of prior experience.	Non-Executive Independent Chairman of Aoxin Q&M Dental Group Ltd (listed on Catalist) since 2017	N.A.
If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a listed issuer as prescribed by the Exchange.	N.A.	Yes. Mr. Xie has attended Listed Entity Director Programme (Mandarin) – Core organised by Singapore Institute of Director on 22 May 2019 to 24 May 2019 at Beijing, PRC.
Please provide details of relevant experience and the NC's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

Provision 4.4

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

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

Provision 4.5

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

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

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

The Board, unless circumstance warrants, does not encourage the practice of alternate directors appointed for Directors. During FY2020, none of the Directors has put forward the appointment of any alternate director representing them in the Board.

Board Performance

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

Provisions 5.1 and 5.2

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

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

During FY2020, the NC conducted the assessment by preparing a performance evaluation questionnaire to be completed by each Director, of which are then collated and the findings are analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

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

Although the individual directors are not formally evaluated, the factors taken into consideration with regards to the re-nomination of Directors for FY2020 are based on their attendance and contributions made at the Board and Board Committees meetings.

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

The Board, after taking into account of the NC's assessment, is satisfied that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board during FY2020.

No external facilitator has been engaged by the Company for the purpose of evaluation of the Board and Board Committee during FY2020.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

<u>Provision 6.1</u>

The key roles of the RC are:

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

Provision 6.2

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

The composition of the RC is:

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

Provision 6.3

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

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

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

- Principle 7 of the Code.

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

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

The recommendations of the RC would be submitted to the Board for endorsement.

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

Provision 6.4

The RC has full authority to engage any external professional to advise on matters relating to remunerations as and when the need arises. No individual Director shall be involved in deciding his or her own remuneration. The Company has not engaged any remuneration consultant in respect of the remuneration matters of the Group during FY2020.

Level and Mix of Remuneration

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

The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the Company successfully but the company should avoid paying more for this purpose. In setting remuneration packages, the RC takes into consideration prevailing economic situation, pay and employment conditions within the similar industry and in comparable corporations.

<u>Provisions 7.1 and 7.3</u>

As part of its review, the RC ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of Executive Directors and is designed to align the Directors' interests with those of shareholders and link rewards to corporate and individual performance.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprises primarily a basic salary component and a variable component which is inclusive of bonuses and other employee benefits.

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

<u>Provision 7.2</u>

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

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

Disclosure on Remuneration

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

<u>Provisions 8.1 and 8.3</u>

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

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors), in percentage terms showing the level and mix, for FY2020 falling within the bands is set out below:

Remuneration Band and Name	Salary	Bonus	Directors' Fees	Allowances and Other Benefits	Total
Directors	%	%	%	%	%
Below S$250,000					
Mr Chang Feng-chang	–	–	100	–	100
Mr Chen Qiuhai	91	–	–	9	100
Mr Chua Ser Miang	–	–	100	–	100
Mr Xie Yimin	90	–	–	10	100
Ms Goi Lang Ling	–	–	100	–	100
Key Management Personnel					
Below S$250,000					
Mr Zhou Chen	90	–	–	10	100
Ms Zhang Liwen	90	–	–	10	100
Mr Zheng Renmei	91	–	–	9	100

There is no employee of the Group who is an immediate family member of any Director or the CEO and whose remuneration has exceeded S$50,000 for FY2020.

For FY2020, the aggregate total remuneration paid to the key management personnel (who are not the Directors or the CEO) of the Company amounted to approximately RMB808,000.

For FY2020, there were no termination, retirement or post-employment benefits granted to the Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service.

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

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

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

Information relating to the Schemes is set out on page 43 to 44 of this Annual Report.

Provision 8.2

There is no employee of the Group (excluding the CEO) who is a substantial shareholder of the Company, or an immediate family member of any Director, the CEO or substantial shareholders of the Company, and whose remuneration exceeded S$100,000 during FY2020.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1

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

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

Provision 9.2

The Company has engaged outsourced professional internal auditors to conduct appropriate reviews to ensure that the system of internal controls and risk management maintained by the Group is adequate and effective.

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

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

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

In compliance with Rule 1207(10) of the Listing Manual of the SGX-ST, the Board with the concurrence of the AC, is of the opinion that the internal controls and risk management systems of the Group are adequate and effective in addressing financial, operational, compliance and information technology risks and ensuring assets of the Group are safeguarded as at 30 June 2020, based on the various management controls in place, the reports from the external auditors, reviews conducted by the Management, and the assurance from the CEO and the Executive Director.

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

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

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

Information in relation to the risks arising from the Group's financial operations is disclosed in the notes to the accompanying audited financial statements on pages 135 to 144.

Audit Committee

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

Provision 10.1

The AC duties is to perform the following functions:

- review the financial and operating results and accounting policies;
- review the effectiveness and adequacy of internal accounting and financial control procedures;
- review the audit plans of the internal auditors and external auditors and evaluates their overall effectiveness through regular meetings with each group of internal auditors and external auditors;
- evaluate the adequacy and effectiveness of the risk management system and internal control systems of the Group, including financial, operational, compliance and information technology controls, by reviewing written reports from the internal auditors and external auditors, and the Management's responses and actions to correct any deficiencies;

- review the quarterly and annual financial statements and results announcements and the external auditor's report before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;

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

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

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

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

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

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

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

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

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

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

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

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

The breakdown of fees paid in total for audit and non-audit fees services for FY2020 is disclosed in the notes to the accompanying audited financial statements on page 126.

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

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

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

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

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

The AC had reviewed, approved and implemented a Whistle Blowing Policy which provides well-defined and accessible channels in the Group through which employees of the Group may, in confidence, raise concerns about possible improprieties in the matter of financial reporting or other matters within the Group. The policy includes arrangements for an independent investigation and appropriate follow-up of such matters. Details of the policy and arrangements have been made available to the employees. The AC reported that there was no report received through the whistle-blowing mechanism during FY2020.

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

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

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

Provision 10.2

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

The composition of the AC is:

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

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

Provision 10.3

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

Provision 10.4

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

The internal auditors are responsible for evaluating reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, assisting the AC in the review of interested person transactions (if any) and ensuring that the internal controls of the Group are adequate for proper recording of transactions and safeguarding the assets of the Group. The internal auditors will also carry out major internal control checks and compliance tests as instructed by the AC. The internal auditors has unfettered access to have the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company

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

The AC will ensure that the internal auditors meet or exceed the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group.

Provision 10.5

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights and Conduct of General Meetings

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

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

Provision11.1

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

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

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

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

Provision 11.2

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

Provision 11.3

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

Provision 11.4

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

Provision 11.5

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

The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by the 2018 Code. There are potential adverse implications, including commercial and legal implications, for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting). The Company is of the view that its position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equitably by the Company.

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

Provision 11.6

The Company currently does not have any formal fixed dividend policy. The Company may declare a final dividend for shareholders' approval in a general meeting but no dividend or distribution shall be declared in excess of the amount recommended by the Directors. The Directors may also from time to time declare a dividend or other distribution. The declaration and payment of dividends will be determined at the sole discretion of the Directors, and will depend upon the Group's operating results, financial conditions, other cash requirements including capital expenditures, the terms of the borrowing arrangements (if any), and other factors deemed relevant by the Directors. No dividend has been declared and recommended for FY2020 in view of the marginal profit for the year and the Company's need for working capital.

Engagement with Shareholders

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

Provision 12.1

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

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

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

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

Provisions 12.2 and 12.3

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

MANAGEMENT STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provisions 13.1 and 13.2

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

The Company has identified five stakeholders' groups, namely, the employees, customers, shareholders and investors, government and regulators, and suppliers and business partners. The Company's approach to the engagement with key stakeholders and rationale were disclosed in the Company's Sustainability Report for FY2019, where the Company would continue to monitor and improve to ensure the best interest of the Company.

Provision 13.3

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

DEALINGS IN SECURITIES

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

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

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

INTERESTED PERSON TRANSACTIONS

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

There were no interested person transactions entered into between the Group and any of its interested persons defined under Chapter 9 of the Listing Manual of the SGX-ST for FY2020.

MATERIAL CONTRACTS

Save for those material contracts disclosed in the financial statements and on announcements via SGXNet, there were no any other material contracts entered into by the Company or any of its subsidiaries, involving the interests of the CEO, Director or controlling shareholder of the Company during FY2020.

DIRECTORS' STATEMENT

The directors are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2020.

In the opinion of the directors,

(a) the accompanying financial statements of the Company and of the Group are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

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

Directors' interests

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

	Number of ordinary shares			
	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
The Company -	As at	As at	As at	As at
Yamada Green Resources Limited	1.7.2019	30.6.2020	1.7.2019	30.6.2020
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 2020.

Directors' interests (Cont'd)

Share option scheme

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

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

The Scheme

Under the Scheme,

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

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

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

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

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

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

The Plan

Under the Plan,

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

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

Directors' interests (Cont'd)

Share option scheme (Cont'd)

The Plan (Cont'd)

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

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

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

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

  A = B x C

  Where:-

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

  B is the market price of each share; and

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

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

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

Share options

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

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

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

Audit committee

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

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

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 2020 as well as the independent auditor's report thereon;

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

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

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

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

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

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

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

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

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

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

Audit committee (Cont'd)

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 2020.

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 accompanying financial statements.

On behalf of the Directors

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CHEN QIUHAI

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CHANG FENG-CHANG

Dated: 23 September 2020

INDEPENDENT AUDITOR’S REPORT

To the Members of Yamada Green Resources Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Yamada Green Resources Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Key Audit Matter No. 1	**<u>Valuation of investment properties and right-of-use assets measured at fair value</u>** (refer to Notes 2(d), 3, 5 and 8 to the financial statements) The investment properties and right-of-use assets consisting of leasehold buildings and land use rights are measured at fair value. The valuations were carried out by independent valuers, Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. and Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "Independent Valuers"). Considering the implications of higher levels of estimation uncertainty and judgement required due to the changes in market and economic conditions arising from the COVID-19 pandemic and the significant judgments and assumptions made by management, we have identified the valuation of the investment properties and right-of-use assets measured at fair value as a Key Audit Matter.
How the Key Audit Matter was addressed in our audit	Our audit procedures included, among others: a) Assessed the competency, capability and objectivity of the Independent Valuers. We also read the terms of engagement of the Independent Valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work; b) Engaged our auditor expert to review the valuation methodologies used by the Independent Valuers appointed by the management including comparison of the valuation against those applied by other valuers for similar property type. We held discussions with the Independent Valuers and the auditor expert and challenged the key assumptions taking into consideration of the possible implications brought about by COVID 19 pandemic such as by adjusting the rental rate and vacancy rate among other factors; c) Evaluated the competency, capability, and objectivity of the auditor expert; and d) Considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

Key Audit Matters (Cont'd)

<table>
<tr><td>Key Audit Matter No. 2</td><td> <u>Revenue recognition</u> (refer to Notes 2(d), 3, 22 and 23 to the financial statements)
The Group's main revenue is from the manufacture and sale of goods from its food processing operations and generating rental income from investment properties to third parties. Revenue is recognised when the Group has satisfied a performance obligation by transferring a good or service to the customer and the customer has obtained control of that asset.
Revenue derived from the sales of goods is recognised at a point in time when the control over the goods have passed to the buyer, which usually takes place when the goods are either shipped to customers for export sales based on contractual terms and/or when goods are delivered to and/or collected by buyers in the case of domestic sales. Revenue from the lease of investment properties to third parties is recognised over time based on contractual terms.
Owing to the presumption in the Singapore Standard on Auditing that there is a presumed risk of fraud in revenue recognition and in the light of COVID-19 situation which the Group is exposed to and whereby COVID-19 is still developing and evolving in the People's Republic of China and around the world in which the Group operates in, we have considered the timing of revenue recognition to be a Key Audit Matter. </td></tr>
<tr><td>How the Key Audit Matter was addressed in our audit</td><td> Our audit procedures included, among others:
a) Obtained an understanding of the revenue and receipts processes;
b) Reviewed and evaluated the appropriateness of accounting policy for revenue recognition as to whether the performance obligations are satisfied at a point in time or over time;
c) Reviewed for consistent application of revenue recognition policy in relation to the respective revenue streams and the terms and conditions in the sale agreements;
d) Performed a walkthrough of the revenue and receivable cycle, assessed the design and implementation effectiveness of key controls identified, and tested the operating effectiveness of these key controls against source documentation such as approval of sales orders and sales invoices, customs clearance documentation, bill of lading, receipt of acknowledgement of delivery of goods by customers and the recording of sale transactions on a sample basis;
e) Performed disaggregated revenue analytics including key product sales and customer base, and gross profit margins analysis to ascertain overall reasonableness of revenue recognised;
f) Discussed with management on significant variances from prior corresponding periods;
g) Performed revenue cut-off procedures as at year end; </td></tr>
</table>

Key Audit Matters (Cont'd)

Key Audit Matter No. 2 (Cont'd)	**<u>Revenue recognition</u> (Cont'd)**
How the Key Audit Matter was addressed in our audit (Cont'd)	Our audit procedures included, among others (Cont'd): h) Performed substantive analytical procedures and substantive test of details, where applicable, by tracing to source documentation; i) Authenticated sales invoices to the People's Republic of China ("PRC") tax authority website for the PRC subsidiaries of the Group on a sample basis; j) Checked to lease agreements to ascertain the existence and accuracy of rental income recorded on a sample basis; k) Performed reasonableness test on rental income in accordance with rental rate and term; l) Reviewed reconciliations of and/or adjustments made to revenue accounts (e.g. discounts approved by management); m) Performed data analytics to identify and tested unusual items and high-risk items from large populations of revenue accounts for audit testing purposes; n) Performed circularisation (and performed alternative procedures for any non-replies) to major customers to ascertain the occurrence, accuracy and completeness of revenue recognised; o) Reviewed for large or unusual sales occurring close to accounting year-end; p) Reviewed for significant and unusual credit notes issued during the period and post period-end; and q) Reviewed the adequacy of disclosures related to revenue recognition made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement section of the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Other Information (Cont'd)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSA.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

Unaccountable balances of RMB 29,349,000 as at 30 June 2017 and 2018 (Note 21)

Our auditor's report dated 30 September 2019 contained a qualified opinion on the possible extent of the spill over of the effect on the disclaimer of opinion in FY2017 and FY2018 onto the opening balances (assets, liabilities and income statement) on the financial statements for the financial year ended 30 June 2019.

Other Matters (Cont'd)

As fully explained in Note 21 to the financial statements, the effect and impact of the matters arising in FY2018 and FY2019 have been considered to be dealt with by management in so far as corporate governance is concerned. Principally, the Company's Audit Committee has held discussions with the management to address the internal controls environment and to observe best practices. This is in furtherance to the assistance provided by the Group's legal counsel and internal auditors to address the relevant regulations and procedures in regard to the business environment and internal controls of the Group.

The Company's internal auditors have issued their report for the current financial year which showed that management has addressed the deficiencies previously noted on corporate governance and internal controls and that there were no significant deficiencies in internal control of the Group noted. In this regard, the Audit Committee has considered that management has in place a proper internal control system. The management had informed the Audit Committee and the Board of Directors of the Company that there were no liabilities incurred in so far as to the spillover effect of matters arising in fiscal year 2017 and fiscal year 2018. The PRC legal counsel of the Company has also affirmed that there are no liabilities reported in the course of their notarisation process.

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

As fully explained in the 2018 Annual Report, BDO LLP had, on 25 September 2017, informed the Board that it had made a confidential report to the MOF under Section 207(9A) of the Act on 21 September 2017. As of the date of this report, there is no further development noted.

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
23 September 2020

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Note	The Company 30 June 2020 RMB'000	The Company 30 June 2019 RMB'000	The Group 30 June 2020 RMB'000	The Group 30 June 2019 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**1**	2	**1,039**	63,976
Right-of-use assets	5	**–**	–	**48,238**	–
Land use rights	6	**–**	–	**–**	18,618
Intangible assets	7	**–**	–	**80**	70
Investment properties	8	**7,364**	7,770	**230,916**	180,698
Investments in subsidiaries	9	**149,762**	149,762	**–**	–
Investments in associates	10	**–**	–	**–**	–
Prepayments	11	**–**	–	**–**	–
Deferred tax assets	12	**–**	–	**–**	–
		157,127	157,534	**280,273**	263,362
Current Assets					
Inventories	13	**–**	–	**20,754**	23,833
Trade and other receivables	14	**146,458**	146,595	**8,925**	25,306
Prepayments	15	**87**	86	**1,928**	86
Cash and bank balances	16	**149**	521	**22,364**	12,901
		146,694	147,202	**53,971**	62,126
Associates classified as held for sale	17	**–**	–	**30,080**	39,933
Total assets		**303,821**	304,736	**364,324**	365,421
EQUITY					
Capital and Reserves					
Share capital	18	**322,210**	322,210	**322,210**	322,210
Share-based payment reserve	19(a)	**2,016**	2,016	**2,016**	2,016
Statutory reserve	19(b)	**–**	–	**72,449**	71,135
Revaluation reserve	19(c)	**–**	–	**41,740**	38,130
Other reserve	19(d)	**–**	–	**29,349**	29,349
Accumulated losses		**(33,474)**	(28,912)	**(168,068)**	(173,507)
Total equity attributable to owners of the Company		**290,752**	295,314	**299,696**	289,333
LIABILITIES					
Non-Current Liabilities					
Bank borrowings	20	**4,673**	5,078	**4,673**	5,078
Deferred tax liabilities	12	**–**	–	**39,214**	32,805
		4,673	5,078	**43,887**	37,883
Current Liabilities					
Trade and other payables	21	**8,002**	3,974	**18,347**	34,835
Bank borrowings	20	**394**	370	**2,394**	3,370
		8,396	4,344	**20,741**	38,205
Total liabilities		**13,069**	9,422	**64,628**	76,088
Total equity and liabilities		**303,821**	304,736	**364,324**	365,421

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 2020

The Group	Note	**Year ended 30 June 2020 RMB'000**	Year ended 30 June 2019 RMB'000
Revenue	22	**75,585**	61,358
Cost of sales		**(62,924)**	(71,065)
Gross results		**12,661**	(9,707)
Revenue from rental income from investment properties	23	**5,267**	5,058
Other operating income	24	**21,251**	4,413
Selling and distribution expenses	25 (a)	**(1,039)**	(1,540)
Administrative expenses	25 (b)	**(16,694)**	(16,652)
Other operating expenses	25 (c)	**(7,572)**	(15,880)
Finance costs	25 (d)	**(391)**	(404)
Share of loss of associates classified as held for sale	10	**–**	(309)
Profit/(Loss) before taxation	26	**13,483**	(35,021)
Taxation	27	**(6,730)**	17
Net profit/(loss) for the year		**6,753**	(35,004)
Other comprehensive income after tax			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of leasehold buildings/land use rights classified as right-of-use assets/leasehold buildings in property, plant and equipment measured at fair value	25 (e)	**3,610**	2,355
Total comprehensive income/(loss) for the year attributable to owners of the Company		**10,363**	(32,649)
		Cents RMB	Cents RMB
Earnings/(Loss) per share:			
- Basic	28	**3.8**	(19.8)
- Diluted	28	**3.8**	(19.8)

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 2020

The Group	Note	Share capital RMB'000	Other reserve -non distributable RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Revaluation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 July 2018		322,210	–	2,016	71,135	35,775	(138,503)	292,633
Loss for the year		–	–	–	–	–	(35,004)	(35,004)
Other comprehensive income for the year		–	–	–	–	2,355	–	2,355
Total comprehensive loss for the year		–	–	–	–	2,355	(35,004)	(32,649)
Transfer to other reserve	19(d)	–	29,349	–	–	–	–	29,349
At 30 June 2019		**322,210**	**29,349**	**2,016**	**71,135**	**38,130**	**(173,507)**	**289,333**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**6,753**	**6,753**
Other comprehensive income for the year		**–**	**–**	**–**	**–**	**3,610**	**–**	**3,610**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**3,610**	**6,753**	**10,363**
Transfer to statutory reserve	19(b)	**–**	**–**	**–**	**1,314**	**–**	**(1,314)**	**–**
At 30 June 2020		**322,210**	**29,349**	**2,016**	**72,449**	**41,740**	**(168,068)**	**299,696**

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 2020

The Group	Note	**Year ended 30 June 2020 RMB'000**	Year ended 30 June 2019 RMB'000
Cash Flows from Operating Activities			
Profit/(Loss) before taxation		**13,483**	(35,021)
Adjustments for:			
Depreciation of property, plant and equipment	4	**172**	4,391
Amortisation/depreciation of right-of-use assets	5	**3,316**	–
Amortisation of land use rights	6	**–**	542
Amortisation of intangible assets	7	**23**	12
Exchange gain		**(245)**	(306)
Fair value (gain)/loss on investment properties	8	**(14,069)**	1,259
Impairment loss of investments in associates classified as held for sale	17	**–**	3,181
Impairment of land use rights	6	**–**	3,771
Impairment of right-of-use assets	5	**6,962**	–
Interest expense	25(d)	**391**	404
Interest income	24	**(58)**	(8)
Property, plant and equipment written off	4	**27**	1
Share of loss of associates	10	**–**	309
Write back of inventories allowance		**(1,274)**	–
Write-down of inventories to net realisable value	25(c)	**–**	1,274
Operating cash flows before working capital changes		**8,728**	(20,191)
Decrease in inventories		**4,353**	2,712
Decrease in trade and other receivables and prepayments		**14,584**	29,554
Decrease in trade and other payables (Note A)		**(16,488)**	(6,373)
Cash generated from operations		**11,177**	5,702
Income tax paid		**(154)**	(110)
Interest received		**58**	8
Net cash generated from operating activities		**11,081**	5,600
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	4	**(9,911)**	(2,654)
Acquisition of intangible assets	7	**(33)**	(48)
Proceeds from disposal of investment in associates held for sale	17	**9,853**	–
Net cash used in investing activities		**(91)**	(2,702)
Cash Flows from Financing Activities			
Proceeds from bank borrowings (Note B)		**4,000**	3,670
Repayment of bank borrowings – principal (Note B)		**(5,376)**	(4,340)
Repayment of bank borrowings – interest (Note B)	25(d)	**(391)**	(404)
Net cash used in financing activities		**(1,767)**	(1,074)
Net increase in cash and cash equivalents		**9,223**	1,824
Cash and cash equivalents at beginning of year		**12,901**	10,540
Effect on foreign exchange of rate changes on cash and cash equivalents		**240**	537
Cash and cash equivalents at end of year	16	**22,364**	12,901

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 2020

Note A

During the year ended 30 June 2019, the decrease in cash flows relating to trade and other payables of RMB 6,373,000 from operating activities was arrived at after deducting the unaccountable balances of RMB 29,349,000 that were transferred to a non-distributable reserve in equity. Refer to Note 21 for further details.

Note B

Reconciliation of liabilities arising from financing activities

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

	Year ended 30 June 2020	Year ended 30 June 2019
	RMB'000	RMB'000
Bank borrowings (Note 20)		
At beginning of year	**8,448**	8,887
Cash flow		
Additions	**4,000**	3,670
Interest expenses	**391**	404
Repayments	**(5,767)**	(4,744)
- Repayment of principal	**(5,376)**	(4,340)
- Repayment of interest	**(391)**	(404)
Non-cash movement		
Exchange translation	**(5)**	231
At end of year	**7,067**	8,448

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

1 General information

The financial statements of the Company and of the Group for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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

With effect from 22 January 2018, the registered office of the Company is located at 7 Temasek Boulevard #43-04 Suntec Tower One, Singapore 038987. The principal place of business is at No. 2 Dongling Road, Minhou Economic and Technological Development Zone, Ganzhe Street Minhou County, Fuzhou City, Fujian Province, the People's Republic of China ("PRC").

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

2(a) Basis of preparation

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

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

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

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 July 2019, the Group and the Company have adopted all the new and revised SFRS(I)s, SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements did not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
SFRS(I) 16	Leases	1 January 2019
Amendments to SFRS(I) 9	Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases

SFRS(I) 16 *Leases* supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases - Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*, and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's and the Company's financial statements are discussed below.

The date of initial application of SFRS(I) 16 for the Group is 1 July 2019. The Group has elected to transition to SFRS(I) 16 using the modified retrospective approach which requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application, without restatement of comparatives under SFRS(I) 1-17.

(a) Definition of a lease

The new definition of a lease under SFRS(I) 16 mainly relates to the concept of 'control' that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of 'risks and rewards' under SFRS(I) 1-17.

The Group has elected to apply the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SFRS(I) 1-17 continues to be applied to those leases entered into, or modified, before 1 July 2019, and the Group applies the new definition of a lease and related guidance set out in SFRS(I) 16 only to those lease contracts entered into, or modified, on or after 1 July 2019. After the transition to SFRS(I) 16, the Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under SFRS(I) 16 do not change significantly the scope of contracts that will meet the definition of a lease for the Group.

(b) Lessee accounting

(i) Former operating leases

Before the adoption of SFRS(I) 16, the Group's non-cancellable operating lease payments in future reporting periods for a factory, were not recognised as liabilities in the statement of financial position but were disclosed as commitments in the notes to the financial statements, and these lease payments were reported as rental expenses in profit or loss over the lease term on a straight-line basis and presented under operating activities in the statement of cash flows. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in profit or loss, and presents these lease payments as principal repayment and interest paid separately under financing activities in the statement of cash flows.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

(i) Former operating leases (Cont'd)

Under SFRS(I) 16, lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I)1-17, they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

The Group has elected, as a practical expedient of SFRS(I) 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to SFRS(I) 9.

For short-term leases and leases of low-value assets, the Group has elected for exemption under SFRS(I) 16 from recognising their right-of-use assets and lease liabilities, and to report their lease expenses in profit or loss on a straight-line basis.

On 1 July 2019, the Group has applied the following SFRS(I) 16 transition provisions under the modified retrospective approach for each lease, or each portfolio of leases with reasonably similar characteristics, formerly classified as operating lease under SFRS(I) 1-17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset;
- on a lease-by-lease basis, the Group chooses to measure its right-of-use assets ("ROU assets") (except for ROU assets which meet the definition of investment property) at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application; and for ROU assets which meet the definition of an investment property, the Group measures the ROU assets at their fair values at 1 July 2019;
- applies SFRS(I) 1-36 Impairment of Assets to perform an impairment review of the right-of-use asset; and
- adjusts any difference between the carrying amounts of the right-of-use asset and the lease liability to the opening balance of retained earnings.

The Group has adopted the following SFRS(I) 16 practical expedients when applying the modified retrospective approach to leases formerly classified as operating lease under SFRS(I) 1-17:

- applies a single discount rate to a portfolio of leases with reasonably similar characteristics;

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

(i) Former operating leases (Cont'd)

- adjusts the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets in the statement of financial position immediately before the date of initial application, as an alternative to performing an impairment review under SFRS(I) 1-36;

- elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months of the date of initial application;

- excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

- uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Leasehold building

In prior years, the Group had made an upfront payment for the right-of-use of its 20-year leasehold buildings which were used as factory premises and/or its office premises and recorded in the Group's property, plant and equipment. Upon transition to SFRS(I) 16, the Group has elected to present the right-of-use assets separately from other assets in the statement of financial position and therefore reclassifies this leasehold building from "property, plant and equipment" to "right-of-use assets" in the statement of financial position.

(iii) Land use rights

In prior years, the Group had made upfront payments for the right-of-use of leasehold lands with tenures ranging from 41 to 50 years for own use, rental or capital appreciation and recorded in the Group's land use rights. Upon transition to SFRS(I) 16, the Group has elected to present the right-of-use assets separately from other assets in the statement of financial position and therefore reclassifies this land use rights from "land use rights" to "right-of-use assets" in the statement of financial position, except for land use rights which meet the definition of investment property.

(c) Lessor accounting

SFRS(I) 16 has not changed substantially how the Group as lessor accounts for leases, except when it is the intermediate lessor of sublease. Under SFRS(I) 16, the Group continues to classify leases, where it is the lessor, as either finance lease or operating lease and to account for the two types of leases differently. However, SFRS(I) 16 changes and expands the disclosures required, in particular, regarding how the Group as lessor manages the risks arising from its residual interest in leased assets.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(c) Lessor accounting (Cont'd)

Intermediate lessor of sublease

The Group subleases to non-related parties factories and office premises which the Group leases under a separate head lease arrangement. Prior to the adoption of SFRS(I) 16, the subleases were classified as an operating lease because the head lease was an operating lease. Under SFRS(I) 1-17, the Group as intermediate lessor recorded rental income in respect of the sublease on a straight-line basis over the term of the sublease and recorded rental expense in respect of the head lease on a straight-line basis over the term of the head lease.

Under SFRS(I) 16, lessor accounting by the Group as intermediate lessor depends on the classification of the subleases with reference to the right-of-use asset arising from the head lease rather than the underlying asset. Based on the assessment, sublease periods for these subleases do not form a major part of the remaining head lease terms and accordingly, these subleases are classified as operating lease.

(d) Financial impact of initial application of SFRS(I) 16

A reconciliation of the differences between the Group's operating lease commitments previously disclosed in the financial statements as at 30 June 2019 and the Group's lease liabilities recognised in the statement of financial position on 1 July 2019 is as follows:

The Group	**RMB'000**
Operating lease commitments as at 30 June 2019 under SFRS(I) 1-17 in the Group's consolidated financial statements	55
Less: Short-term leases and low value assets exempted from recognition	(55)
Lease liabilities recognised as at 1 July 2019	–

The effects of adoption of SFRS(I) 16 on the Group's consolidated financial statements as at 1 July 2019 are as follows:

The Group	**Note**	**Increase/ (Decrease) RMB'000**
Non-Current Assets		
Property, plant and equipment	4	(62,162)
Right-of-use assets		79,311
Land use rights		(18,618)
Investment properties		1,469
		–

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(e) Deferred tax impact from adoption of SFRS(I) 16

In the jurisdictions that the Group operates in, tax deductions are received in respect of the right-of-use asset (i.e. depreciation allowance) and the lease liability (i.e. deduction for finance cost) in a manner consistent with the accounting treatment, and there is no difference between the accounting and tax depreciation rates, no temporary differences arise from recognition of the right-of-use asset and lease liability.

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

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's and the Company's accounting periods beginning on or after 1 July 2020 and which the Group and the Company have not early adopted:

Reference	Description	Effective date (Annual periods beginning on or after)
Various	*Amendments to References to the Conceptual Framework in SFRS(I)*	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8	*Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material*	1 January 2020

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

2(d) Significant judgements and accounting estimates

Significant judgements and accounting estimates

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

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

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

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:

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.

Revenue - Principal or agent

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

Classification of property

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

- Investment properties comprise leasehold buildings and land use rights which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Owner-occupied property is property that is used by the Group in the production or supply of goods or services or for administrative purposes.

When differentiating between owner-occupied property or investment property, some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

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

Significant judgements in applying accounting policies (Cont'd)

Income tax (Notes 12 and 27)

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

Critical accounting estimates and key sources of estimation uncertainty

Depreciation of property, plant and equipment and right-of-use assets (Notes 4 and 5)

Property, plant and equipment and right-of-use assets ("ROU assets") are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment and ROU assets to be within 3 to 20 years. The carrying amounts of the Company's and the Group's property, plant and equipment and ROU assets as at 30 June 2020 are disclosed in Notes 4 and 5 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 Nil (2019 - RMB 12,000) and RMB 19,000 (2019 - RMB 488,000) lower respectively and RMB Nil (2019 - RMB 10,000) and RMB 16,000 (2019 - RMB 399,000) higher respectively.

If the actual useful lives of the Group's ROU assets differ by 10% from the management's estimates, the carrying amount of the Group's ROU assets will be approximately RMB 55,000 lower respectively and RMB 45,000 higher respectively.

Amortisation of land use rights (Note 6)

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

In 2019, if the actual useful lives of land use rights differed by 10% from the management's estimates, the carrying amount of the Group's land use rights would be approximately RMB 60,000 lower and RMB 49,000 higher.

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

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

Valuation of right-of-use assets and investment properties (Notes 5 and 8)

The Group's ROU assets and investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers. The determination of the fair value of ROU assets and investment properties requires the use of historical transaction comparables and estimates such as future cash flows from assets (market rental rates), capitalisation rates and vacancy rates applicable to those assets. There are also higher levels of estimation uncertainty and judgement required due to the changes in market and economic conditions arising from the COVID-19 pandemic. The carrying amount of ROU assets and investment properties is disclosed in Notes 5 and 8 to the financial statements.

If the market value used to estimate the fair value of the ROU assets and investment properties decreases/increases by 5% from management's estimates, the Group's profit/loss for the year will increase/decrease by RMB 2,411,900 and RMB 11,546,000 (2019 - RMB 9,035,000) respectively.

Impairment of investments in subsidiaries (Note 9)

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

A 5% decrease in net asset value of the subsidiary will not lead to impairment loss on the Company's investment in subsidiary.

Withholding tax on undistributed profits (Note 12)

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 2020 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 2020 was approximately RMB 3,711,000 (2019 - RMB 3,711,000).

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

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

Allowance for expected credit losses ("ECL") on trade and other receivables (Note 14)

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

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

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

The carrying amount of the Group's and the Company's trade and other receivables are disclosed in Note 14. A decrease of 10% in the estimated future cash inflows will not lead to further allowance for impairment on the Group's and the Company's trade and other receivables.

3 Significant accounting policies

Consolidation

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

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.

3 Significant accounting policies (Cont'd)

Consolidation (Cont'd)

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

3 Significant accounting policies (Cont'd)

Consolidation (Cont'd)

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

Acquisitions

Acquisition-related costs are expensed as incurred.

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

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

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

A change in the ownership interest

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

Disposals

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

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 buildings	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.

3 Significant accounting policies (Cont'd)

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

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

Land use rights

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

Intangible assets

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

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

Computer software

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

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.

3 Significant accounting policies (Cont'd)

Investment properties (Cont'd)

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

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

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

Investments in subsidiaries

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

Investments in associates

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

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

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 equal 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.

3 Significant accounting policies (Cont'd)

Investments in associates (Cont'd)

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

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

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

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

Inventories

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

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

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

Financial assets

Classification and measurement

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

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

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

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

Classification and measurement (Cont'd)

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

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

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

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

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

Classification and measurement (Cont'd)

At subsequent measurement (Cont'd)

(ii) Equity investments

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

Impairment of financial assets

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

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

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

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

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

3 Significant accounting policies (Cont'd)

Financial assets (Cont'd)

Recognition and derecognition

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

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

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

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

Cash and cash equivalents

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

Assets and liabilities classified as held for sale

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

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

Share capital

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

3 Significant accounting policies (Cont'd)

Financial liabilities

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

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

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

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

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

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

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.

3 Significant accounting policies (Cont'd)

Provisions (Cont'd)

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.

Leases

The accounting policy for leases before 1 July 2019 is as follows:

(i) 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.

(ii) 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.

3 Significant accounting policies (Cont'd)

Leases (Cont'd)

The accounting policy for leases from 1 July 2019 is as follows:

(i) Where the Group is the lessee:

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

● Lease liabilities

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

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

- Amount expected to be payable under residual value guarantees;

- The exercise price of a purchase option if is reasonably certain to exercise the option; and

- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

3 Significant accounting policies (Cont'd)

Leases (Cont'd)

The accounting policy for leases from 1 July 2019 is as follows (Cont'd):

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

- Lease liabilities (Cont'd)

  - the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

  - a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

- Right-of-use assets

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

  These right-of-use assets is 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. The right-of-use assets (except for those which meet the definition of investment property) are presented separate line item in the statement of financial position.

3 Significant accounting policies (Cont'd)

Leases (Cont'd)

The accounting policy for leases from 1 July 2019 is as follows (Cont'd):

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

- Short term and low value leases

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

- Variable lease payments

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

(ii) Where the Group is the lessor:

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except for the classification of the sublease entered into that resulted in a finance lease classification.

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

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

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

3 Significant accounting policies (Cont'd)

Leases (Cont'd)

The accounting policy for leases from 1 July 2019 is as follows (Cont'd):

(ii) Where the Group is the lessor (Cont'd):

Intermediate lessor in sublease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the recognition exemption, then it classifies the sublease as an operating lease.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "finance lease receivables" in the statement of financial position. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

Income taxes

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

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

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

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

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

3 Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

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

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

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

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

Value-added tax

The Group's sales of goods in the PRC are subjected to Value-added tax ("VAT") at the applicable tax rate of 13% for PRC domestic sales. Input VAT on purchases can be deducted from output VAT subject to agreement by the tax authority. The Group's export sales are not subject to VAT.

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

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

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

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

3 Summary of significant accounting policies (Cont'd)

Employee benefits

Defined contribution schemes

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

Employee leave entitlements

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

Employee share option scheme ("ESOS Scheme")

The Company has existing share incentives schemes, namely, Yamada Green Resources Employee Share Option Scheme and Yamada Green Resources Performance Share Plan. No share options have been issued during the financial years ended 30 June 2019 and 30 June 2020.

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 Summary of 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.

Impairment of non-financial assets

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

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. 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.

3 Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)

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

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

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

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

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

Revenue recognition

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

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

Sale of goods

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

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

3 Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)

Sale of goods (Cont'd)

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

Interest income

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

Rental income

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

Government grant/subsidy

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

Refund from termination of leases to plantations

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

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 Summary of 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 buildings RMB'000	Office equipment RMB'000	Total RMB'000
Cost or valuation			
At 1 July 2018	8,783	14	8,797
Additions	318	–	318
Transfer to investment properties (Note 8)	(9,101)	–	(9,101)
At 30 June 2019	**–**	**14**	**14**
Additions	**–**	**–**	**–**
At 30 June 2020	**–**	**14**	**14**
Representing:			
- Cost	**–**	**14**	**14**
- Valuation	**–**	**–**	**–**
At 30 June 2020	**–**	**14**	**14**
Accumulated depreciation and impairment loss			
At 1 July 2018	393	9	402
Depreciation for the year	103	3	106
Transfer to investment properties (Note 8)	(496)	–	(496)
At 30 June 2019	**–**	**12**	**12**
Depreciation for the year	**–**	**1**	**1**
At 30 June 2020	**–**	**13**	**13**
Comprising:			
- Accumulated depreciation	**–**	**13**	**13**
- Accumulated impairment loss	**–**	**–**	**–**
At 30 June 2020	**–**	**13**	**13**
Net book value			
At 30 June 2020	**–**	**1**	**1**
At 30 June 2019	–	2	2

4 Property, plant and equipment (Cont'd)

The Group	Note	Leasehold buildings RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Fixtures and fittings RMB'000	Farm equipment and fixtures RMB'000	Construction -in-progress ("CIP") RMB'000	Total RMB'000
Cost or valuation									
At 1 July 2018		70,720	43	41	539	180	5	136	71,664
Additions		501	281	5	110	27	–	1,730	2,654
Reclassification from CIP		1,073	–	–	–	–	–	(1,073)	–
Transfer to investment properties	8	(9,101)	–	–	–	–	–	–	(9,101)
Disposals/written off		–	–	–	(1)	–	–	–	(1)
Revaluation adjustments	25(e)	3,140	–	–	–	–	–	–	3,140
Elimination of accumulated depreciation		(4,171)	–	–	–	–	–	–	(4,171)
At 30 June 2019		**62,162**	**324**	**46**	**648**	**207**	**5**	**793**	**64,185**
Adoption of SFRS(I) 16	2(b), 5	**(62,162)**	**–**	**–**	**–**	**–**	**–**	**–**	**(62,162)**
Additions		**–**	**51**	**–**	**22**	**4**	**–**	**9,834**	**9,911**
Reclassification from CIP to ROU assets	5	**–**	**–**	**–**	**–**	**–**	**–**	**(3,735)**	**(3,735)**
Reclassification from CIP to Investment properties	8	**–**	**–**	**–**	**–**	**–**	**–**	**(6,752)**	**(6,752)**
Disposals/written off		**–**	**–**	**–**	**(23)**	**(5)**	**(5)**	**–**	**(33)**
At 30 June 2020		**–**	**375**	**46**	**647**	**206**	**–**	**140**	**1,414**
Representing:									
- Cost		**–**	**375**	**46**	**647**	**206**	**–**	**140**	**1,414**
- Valuation		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 30 June 2020		**–**	**375**	**46**	**647**	**206**	**–**	**140**	**1,414**

4 Property, plant and equipment (Cont'd)

The Group	Note	Leasehold buildings RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Plant and machinery RMB'000	Fixtures and fittings RMB'000	Farm equipment and fixtures RMB'000	Construction -in-progress ("CIP") RMB'000	Total RMB'000
Accumulated depreciation and impairment loss									
At 1 July 2018		392	5	13	47	27	1	–	485
Depreciation for the year		4,275	12	10	55	37	2	–	4,391
Transfer to investment properties	8	(496)	–	–	–	–	–	–	(496)
Elimination of accumulated depreciation		(4,171)	–	–	–	–	–	–	(4,171)
At 30 June 2019		**–**	**17**	**23**	**102**	**64**	**3**	**–**	**209**
Depreciation for the year		**–**	**61**	**9**	**62**	**40**	**–**	**–**	**172**
Disposals/written off		**–**	**–**	**–**	**–**	**(3)**	**(3)**	**–**	**(6)**
At 30 June 2020		**–**	**78**	**32**	**164**	**101**	**–**	**–**	**375**
Comprising:									
- Accumulated depreciation		**–**	**78**	**32**	**164**	**101**	**–**	**–**	**375**
Net book value									
At 30 June 2020		**–**	**297**	**14**	**483**	**105**	**–**	**140**	**1,039**
At 30 June 2019		62,162	307	23	546	143	2	793	63,976

Upon transition to SFRS(I) 16, the Group has elected to present the right-of-use assets separately from other assets in the statement of financial position and therefore reclassifies this leasehold building from "property, plant and equipment" to "right-of-use assets" in the statement of financial position as at 1 July 2019.

4 Property, plant and equipment (Cont'd)

(a) Depreciation is charged to:

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Cost of sales		**102**	3,176
Administrative expenses	25(b)	**66**	1,211
Selling and distribution expenses	25(a)	**4**	4
	26	**172**	4,391

(b) The leasehold buildings of the Group as at 30 June 2019 comprise:

Location	**Description**	**Gross floor Area (sq.m)**	**Tenure**	**Net book value *(at valuation)* RMB'000**
Fujian Wangsheng Industrial Co., Ltd.				
Economic and Technological Development Zone of Minhou County Fuzhou City, The PRC	2办公楼	14,850	50 years leasehold up to 29.07.2062	**3,960**
	2号2#厂房			**13,415**
	2号1#生产车间			**17,214**
	2号5#生产车间			**20,484**
Nanping Yuanwang Foods Co., Ltd.				
No. 2 Shengfeng Road Liantang Town, Pucheng County Nanping City, Fujian Province, The PRC	厂房	5,816	41 years leasehold up to 26.01.2046	**5,761**
Zhangping Fengwang Agricultural Products Co., Ltd				
Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City Fujian Province, The PRC	办公楼 厂房	926	50 years leasehold up to 18.04.2063	**1,328**
Total leasehold buildings				**62,162**

4 Property, plant and equipment (Cont'd)

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

		The Company		The Group	
		30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
		(at valuation)	*(at valuation)*	***(at valuation)***	*(at valuation)*
Carrying amount					
- 2号5#生产车间	20(b)	–	–	–	20,484

(d) If the leasehold buildings 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 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
At net book value,				
- Leasehold buildings	**–**	7,745	**–**	19,076

5 Right-of-use assets

The Group	Note	**Leasehold buildings RMB'000**	**Land use rights RMB'000**	**Total RMB'000**
At Valuation				
Adoption of SFRS(I) 16:				
- Reclassification from property, plant and equipment	2(b),4	**62,162**	**–**	**62,162**
- Reclassification from land use rights	2(b),6	**–**	**24,939**	**24,939**
Balance at 1 July 2019		**62,162**	**24,939**	**87,101**
Reclassification from CIP	4	**3,735**	**–**	**3,735**
Transfer to investment properties	8	**(27,973)**	**–**	**(27,973)**
Revaluation adjustments	25(e)	**3,018**	**425**	**3,443**
Elimination of accumulated depreciation		**(2,819)**	**(8,287)**	**(11,106)**
Balance at end of year		**38,123**	**17,077**	**55,200**

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

The Group	Note	Leasehold buildings RMB'000	Land use rights RMB'000	Total RMB'000
Accumulated depreciation and impairment				
Adoption of SFRS(I) 16:				
- Reclassification from land use rights	2(b),6	–	7,790	7,790
Balance at 1 July 2019		–	7,790	7,790
Depreciation/amortisation during the year		2,819	497	3,316
Elimination of accumulated depreciation		(2,819)	(8,287)	(11,106)
Impairment during the year	25(c),26	1,005	5,957	6,962
Balance at end of year		1,005	5,957	6,962
Carrying amount:				
Balance at end of year		37,118	11,120	48,238
Balance at 1 July 2019		62,162	17,149	79,311

The impairment loss for the financial year ended 30 June 2020 was because the carrying amount was lower than its fair value net of any previous gains recognised in other comprehensive income as a result of the change in market conditions. The recoverable amount is based on their fair value less cost to sell as determined using income approach, which is a fair value hierarchy Level 2 measurement.

Transfer to investment property

During the financial year ended 30 June 2020, certain buildings were transferred to investment properties, because they were no longer used for own use by the Group and it was decided that the buildings would be leased to a third party. Immediately before the transfer, the Group remeasured the leasehold buildings to fair value and recognised a gain of RMB 1,460,000 in other comprehensive income ("OCI"). The valuation techniques and significant unobservable inputs used in measuring the fair value of the leasehold building at the date of transfer were the same as those applied to investment properties at the reporting date (see Note 32.6).

Depreciation is charged to:

The Group	Note	30 June 2020 RMB'000
Cost of sales		2,220
Administrative expenses	25(b)	1,096
	26	3,316

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

Details of the leasehold buildings in the Group's right-of-use assets as at 30 June 2020 are as follows:

Location	Description	Gross floor area (sq.m)	Tenure	Net book value *(at valuation)* RMB'000
Leasehold building				
Fujian Wangsheng Industrial Co., Ltd.				
Economic and Technological Development Zone of Minhou County Fuzhou City, The PRC	2办公楼 2号2#厂房 2号5#生产车间	8,853	50 years leasehold up to 29.07.2062	**4,226** **14,313** **16,464**
Nanping Yuanwang Foods Co., Ltd.				
No. 2 Shengfeng Road Liantang Town, Pucheng County Nanping City, Fujian Province, The PRC	厂房	906	41 years leasehold up to 26.01.2046	**972**
Zhangping Fengwang Agricultural Products Co., Ltd				
Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City Fujian Province, The PRC	办公楼 厂房	926	50 years leasehold up to 18.04.2063	**1,143**
Total leasehold buildings				**37,118**

Details of the land use rights in the Group's right-of-use assets as at 30 June 2020 are as follows:

Location	Acquired from	Land area *(sq.m)*	Tenure	Net book value *(at valuation)* RMB'000
Land				
Fujian Wangsheng Industrial Co., Ltd.				
No. 2 Dongling Road Minhou Economic and Technological Development Zone, Ganzhe Street, Minhou County, Fuzhou City Fujian Province, The PRC	Land and Resources Bureau of Minhou County	14,390	50 years	**9,540**
No. 2 Dongling Road Minhou Economic and Technological Development Zone, Ganzhe Street, Minhou County, Fuzhou City, Fujian Province, The PRC	Land and Resources Bureau of Minhou County	16,401	50 years	
Nanping Yuanwang Foods Co., Ltd.				
No.2 Shengfeng Road Liantang Town, Pucheng County, Nanping City, Fujian Province, The PRC	People's Government of Pucheng County	20,637	41 years	**860**

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

Location	Acquired from	Land area	Tenure	Net book value
		(sq.m)		*(at valuation)*
Land				**RMB'000**
Zhangping Fengwang Agricultural Products Co., Ltd				
Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City, Fujian Province, The PRC	People's Government of Zhangping City	19,678	50 years	**720**
Total land use rights				**11,120**

The land use rights with a carrying amount of RMB 860,000 in relation to parcel of land located at No. 2 Shengfeng Road, Liantang Town, Pucheng County, Nanping City, Fujian Province in the PRC continue to be subject to certain restrictions as to the intended use.

As at the end of the reporting period, the carrying amount of leasehold buildings of the Group which have been pledged to financial institutions to secure bank facilities was as follows:

The Group	Note	30 June 2020 RMB'000 *(at valuation)*
Carrying amount		
2号5#生产车间	20(b)	**16,464**

As at the end of the reporting period, land use rights of land area 16,401 square metres ("sqm") have been pledged to financial institutions to secure banking facilities [Note 20(b)].

If the right-of-use assets stated at revaluation were included in the financial statements at cost less accumulated depreciation, their net book values would be:

The Group	30 June 2020 RMB'000
At net book value,	
- Right-of-use assets: leasehold buildings	**16,057**
- Right-of-use assets: land use rights	**21,847**
	37,904

6 Land use rights

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Cost			
Balance at beginning of year		**26,796**	26,796
Adoption of SFRS(I) 16:			
- Reclassification to ROU assets	2(b),5	**(24,939)**	–
- Reclassification to investment properties	2(b),8	**(1,857)**	–
Balance at 1 July and at the end of year		**–**	26,796
Accumulated amortisation and impairment losses			
Balance at beginning of year		**8,178**	3,865
Adoption of SFRS(I) 16:			
- Reclassification to ROU assets	2(b),5	**(7,790)**	–
- Reclassification to investment properties	2(b),8	**(388)**	–
Balance at 1 July		**–**	3,865
Amortisation for the year	25(b), 26	**–**	542
Impairment during the year	25(c), 26	**–**	3,771
Balance at end of year		**–**	8,178
Net book value		**–**	18,618

During previous financial year ended 30 June 2019, land use rights were impaired by an amount of RMB 3,771,000 as the valuation by an independent professional valuer was lower than the carrying amount as at 30 June 2019 based on the impairment assessment made by management.

Upon transition to SFRS(I) 16, the Group has elected to present the right-of-use assets separately from other assets in the statement of financial position and therefore reclassifies this land use rights from "land use rights" to "right-of-use assets" in the statement of financial position, except for land use rights which meet the definition of investment property.

In 2019, land use rights of land area 16,401 square metres ("sqm") have been pledged to financial institutions to secure banking facilities [Note 20(b)].

6 Land use rights (Cont'd)

Details of the land use rights as at 30 June 2019 are as follows:

Location	Acquired from	Land area *(sq.m)*	Tenure	Net book value *(at cost)* RMB'000
Land				
Fujian Wangsheng Industrial Co., Ltd.				
No. 300 Houyu, Jingxi Town, Minhou County Fuzhou City Fujian Province, The PRC	Land and Resources Bureau of Minhou County	22,833	41 years	1,469
No. 2 Dongling Road Minhou Economic and Technological Development Zone, Ganzhe Street, Minhou County, Fuzhou City Fujian Province, The PRC	Land and Resources Bureau of Minhou County	14,390	50 years	15,846
No. 2 Dongling Road Minhou Economic and Technological Development Zone, Ganzhe Street, Minhou County, Fuzhou City, Fujian Province, The PRC	Land and Resources Bureau of Minhou County	16,401	50 years	
Nanping Yuanwang Foods Co., Ltd.				
No.2 Shengfeng Road Liantang Town, Pucheng County, Nanping City, Fujian Province, The PRC	People's Government of Pucheng County	20,637	41 years	913
Zhangping Fengwang Agricultural Products Co., Ltd				
Luoan Food Industrial Park Houfu Village, Guilin Street Zhangping City, Fujian Province, The PRC	People's Government of Zhangping City	19,678	50 years	390
Total land use rights				**18,618**

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

7 Intangible assets

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Cost			
Balance at beginning of year		**87**	39
Additions		**33**	48
Balance at end of year		**120**	87
Accumulated amortisation			
Balance at beginning of year		**17**	5
Amortisation for the year	25(a), 26	**23**	12
Balance at end of year		**40**	17
Net book value		**80**	70

8 Investment properties

The Company	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
At valuation			
Balance at beginning of year		**7,770**	–
Transfer from property, plant and equipment (net)	4	**–**	8,605
Fair value adjustments		**(406)**	(835)
Balance at end of year		**7,364**	7,770
Representing:			
- At cost		**–**	–
- At valuation		**7,364**	7,770
		7,364	7,770

8 Investment properties (Cont'd)

The Group	Note	Leasehold buildings RMB'000	Land use rights RMB'000	Total RMB'000
At valuation				
At 1 July 2018		173,352	–	173,352
Transfer from property, plant and equipment (net)	4	8,605	–	8,605
Fair value loss	25(c)	(1,259)	–	(1,259)
30 June 2019		180,698	–	180,698
Adoption of SFRS(I) 16:				
- Reclassification from land use rights	2(b),6	–	1,857	1,857
Balance at 1 July		**180,698**	**1,857**	**182,555**
Reclassification from CIP	4	**6,752**	**–**	**6,752**
Transfer from ROU assets	5	**27,973**	**–**	**27,973**
Elimination of accumulated depreciation		**–**	**(433)**	**(433)**
Fair value gain	24	**5,003**	**9,066**	**14,069**
Balance at end of year		**220,426**	**10,490**	**230,916**
Accumulated depreciation and impairment loss				
At 1 July 2018		–	–	–
Depreciation for the year		–	–	–
30 June 2019		–	–	–
Adoption of SFRS(I) 16:		–	–	–
Reclassification from land use rights	2(b),6	–	388	388
Balance at 1 July 2019		**–**	**388**	**388**
Other adjustment		**–**	**45**	**45**
Elimination of accumulated depreciation		**–**	**(433)**	**(433)**
Balance at end of year		**–**	**–**	**–**
Carrying amount				
Balance at beginning of year		180,698	–	180,698
Balance at end of year		**220,426**	**10,490**	**230,916**

Information about the Group's leasing activities, including those related to investment properties, are disclosed in Note 30.

8 Investment properties (Cont'd)

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

The Group Description and location	Gross floor area (sq.m)	Tenure	**30 June 2020** **RMB'000**	30 June 2019 RMB'000
Buildings				
Fujian Wangsheng Industrial Co., Ltd.				
Factory and office building located at No. 300 Houyu Jingxi Town, Minhou County, Fuzhou City Fujian Province, The PRC	31,291 (2019: 31,291)	41 years leasehold up to 23.06.2052	**141,510**	132,360
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	16,050 (2019: 10,053)	50 years leasehold up to 29.07.2062	**63,457**	37,285
Zhangping Fengwang Agricultural Products Co., Ltd.				
Luoan Food Industrial Park, Houfu Village, Guilin Street, Zhangping City Fujian Province, The PRC	2,292 (2019: 2,292)	50 years leasehold up to 18.04.2063	**2,827**	3,283
Nanping Yuanwang Foods Co., Ltd.				
Warehouse and shophouse located at No. 2 Shengfeng Road Liantang Town, Pucheng County, Nanping City, Fujian Province, The PRC	6,420 (2019: 7,810)	41 years leasehold up to 26.01.2046	**-***	-*
Factory and office building located No. 2 Shengfeng Road Liantang Town, Pucheng County Nanping City Fujian Province, The PRC	4,909 (2019: Nil)	41 years leasehold up to 26.01.2046	**5,268**	N/A (Refer to Note 5)
The Company				
20 Cecil Street #06-02 GSH Plaza Singapore 049702	48 (2019: 48)	99 years leasehold up to 07.12.2088	**7,364**	7,770
At fair value			**220,426**	180,698

* Relates to leasehold properties with a total gross floor area of approximately 7,810 sqm where there were no real estate title certificates. These investment properties have been fully written off to the profit or loss during the financial year ended 30 June 2018.

8 Investment properties (Cont'd)

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

Details of the land use rights in the Group's investment properties as at 30 June 2020 are as follows:

Location	Acquired from	Land area	Tenure	Net book value
		(sq.m)		*(at valuation)*
Land				**RMB'000**
Fujian Wangsheng Industrial Co., Ltd.				
No. 300 Houyu, Jingxi Town, Minhou County Fuzhou City Fujian Province, The PRC	Land and Resources Bureau of Minhou County	22,833	41 years	**10,490**

(b) Investment properties are carried at fair value as at 30 June 2020 and 30 June 2019 as determined by the independent professional valuers, Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. and Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The valuers have considered valuation techniques including the depreciated replacement cost approach, direct comparable method and income capitalisation approach in arriving at the open market value as at the balance sheet date. The direct comparable method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.

At each financial year end, the Group's finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to prior year valuation report; and
- holds discussions with the independent valuer.

Details of valuation methods and key assumptions used to estimate the fair values of investment properties are set out in Note 32.6.

8 Investment properties (Cont'd)

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

		The Company		The Group	
		30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
		(at valuation)	*(at valuation)*	***(at valuation)***	*(at valuation)*
Carrying amount					
Factory and office building located at No. 2 Dongling Road	20(b)	**–**	–	**63,457**	37,285
Office unit #06-02	20(a)	**7,364**	7,770	**7,364**	7,770
		7,364	7,770	**70,821**	45,055

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

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

The Group	Note	**30 June 2020** **RMB'000**	30 June 2019 RMB'000
Rental income	23	**5,267**	5,058
Direct operating expenses arising from investment properties that generate rental income		**(606)**	(705)
Direct operating expenses arising from investment properties that do not generate rental income		**(46)**	(22)

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

The Group	**30 June 2020** **RMB'000**	30 June 2019 RMB'000
At net book value,		
- leasehold buildings	**119,127**	104,254
- land use rights	**1,424**	–

9 Investments in subsidiaries

The Company	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Unquoted equity investments, at cost	**163,975**	163,975
Additions	**–**	–
	163,975	163,975
Impairment loss on investment in a subsidiary		
Balance at beginning and end of year	**(14,213)**	(14,213)
Balance at end of year	**149,762**	149,762

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of interests and voting rights held by the Group		Principal activities
		30 June 2020 RMB'000	30 June 2019 RMB'000	**30 June 2020 %**	30 June 2019 %	
Held by the Company						
Fujian Wangsheng Industrial Co., Ltd. ("Wangsheng") * (福建望盛实业有限公司)	The People's Republic of China ("PRC")	**149,762**	149,762	**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
Held by Fujian Wangsheng Industrial Co., Ltd.						
Zhangping Fengwang Agricultural Products Co., Ltd ("Fengwang") * (漳平市丰旺农产品有限公司)	PRC	**–**	–	**100**	100	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

9 Investments in subsidiaries (Cont'd)

The subsidiaries are (Cont'd):

Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of interests and voting rights held by the Group		Principal activities
		30 June 2020	30 June 2019	**30 June 2020**	30 June 2019	
		RMB'000	RMB'000	**%**	%	
Held by Fujian Wangsheng Industrial Co., Ltd. (Cont'd)						
Feng Zhi Qiu International Holdings Co., Ltd. (Hong Kong Special Administrative Region) ("Fengzhiqiu") * (丰之秋国际控股有限公司)	Hong Kong	**–**	–	**100**	100	Sales of processed food products
Held by Nanping Yuanwang Foods Co., Ltd.						
Nanping Lijiashan Forestry Co., Ltd ("Lijiashan") *,# (南平市李家山林业有限公司)	PRC	**–**	–	**100**	100	Forestry management, cultivation and sales of edible fungi and vegetables
Held by Nanping Lijiashan Forestry Co., Ltd.						
Sanming Shansheng Forestry Co., Ltd ("Shansheng") *,# (三明山盛林业有限公司)	PRC	**–**	–	**100**	100	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 jurisdictions in which they operate.

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

10 Investments in associates

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Unquoted equity investments, at cost		**–**	39,933
Aggregate share of post-acquisition profit		**–**	3,181
Transfer to assets held for sale	17	**–**	(43,114)
		–	–
Share of associates' results, net of tax		**–**	(309)

The associates are as follows:

Name	**Country of incorporation/ principal place of business**	**Proportion of interests and voting rights held by the Group**		**Principal activities**
		30 June 2020 %	30 June 2019 %	
Held by Wangsheng				
Fujian Tianwang Foods Co., Ltd. ("Tianwang") (福建省天旺食品有限公司)	PRC	**–**	–	Production of canned food (fruits and vegetables)
Held by Tianwang				
Sanming Sennong Forestry Co., Ltd ("Sennong") (三明森农林业有限公司)	PRC	**–**	–	Self-cultivation of bamboo trees and bamboo shoots

These associates were accounted for using the equity method in these consolidated financial statements of the Group. On 23 April 2019, the Group has entered into an agreement to dispose the investments in associates, refer to Note 17 for details.

Aggregate information of associates that are not individually material

Tianwang and its subsidiary	30 June 2019 RMB'000
Revenue	7,680*
Loss for the financial year, representing total comprehensive loss for the financial year	(686)*
Share of loss and total comprehensive loss	(309)*

* Prior to reclassification to held for sale, refer to Note 17 for details.

11 Prepayments

	The Company		The Group	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Prepaid maintenance cost	**–**	–	**–**	–
Prepaid other operating expenses	**–**	–	**–**	–
	–	–	**–**	–
Less: current portion	**–**	–	**–**	–
Non-current portion	**–**	–	**–**	–

The movement is as follows:

	30 June 2020	30 June 2019
The Group	**RMB'000**	RMB'000
Balance at beginning of year	**–**	126
Written off to profit or loss (net)	**–**	(126)
Balance at end of year	**–**	–

12 Deferred taxation

	30 June 2020	30 June 2019
The Group	**RMB'000**	RMB'000
Deferred tax assets		
Balance at beginning of year	**–**	–
Tax charged to profit or loss		
- current year	**–**	–
Balance at end of year	**–**	–
Deferred tax liabilities		
Balance at beginning of year	**32,805**	32,126
Movement for the year	**6,409**	679
Balance at end of year	**39,214**	32,805

12 Deferred taxation (Cont'd)

The balance comprises tax on the following temporary differences:

The Group	Note	Loss on valuation of investment properties RMB'000	Gain on revaluation of leasehold buildings RMB'000	Undistributed earning of subsidiaries RMB'000	Total RMB'000
At 1 July 2018		16,490	11,925	3,711	32,126
Charged to other comprehensive income	25(e)	–	785	–	785
Charged to profit or loss	27	(106)	–	–	(106)
		(106)	785	–	679
At 30 June 2019		16,384	12,710	3,711	32,805

The Group	Note	Gain on valuation of investment properties RMB'000	Loss on revaluation of ROU assets RMB'000	Undistributed earning of subsidiaries RMB'000	Total RMB'000
At 1 July 2019		**16,384**	**12,710**	**3,711**	**32,805**
Charged to other comprehensive income	25(e)	**–**	**(167)**	**–**	**(167)**
Charged to profit or loss	27	**8,317**	**(1,741)**	**–**	**6,576**
		8,317	**(1,908)**	**–**	**6,409**
At 30 June 2020		**24,701**	**10,802**	**3,711**	**39,214**

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 (2019 - RMB 3,711,000) as at 30 June 2020 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. At the reporting date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries and associates for which deferred tax liabilities have not been recognised is RMB 1,336,000 million (2019: RMB Nil). No deferred tax liabilities have been recognised in respect of these temporary differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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

13 Inventories

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
At cost:		
Finished goods	**5,423**	9,544
Goods in transit	**471**	–
Raw materials	**14,860**	14,289
	20,754	23,833
Cost of inventories included in cost of sales	**62,924**	71,065

During the financial year ended 30 June 2020, the Group has recognised a reversal of write down of RMB 1,274,000 (2019 – write down of RMB 1,274,000) because the inventories were sold during the year.

14 Trade and other receivables

	The Company		**The Group**	
	30 June 2020 RMB'000	30 June 2019 RMB'000	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Trade receivables (gross)	**–**	–	**4,071**	11,955
Less: impairment allowance	**–**	–	**–**	–
Trade receivables (net)	**–**	–	**4,071**	11,955
Other receivables				
- third parties	**2**	29	**1,053**	1,450
- a former associate	**–**	–	**–**	4,031
Non-trade amounts owing by:				
- a subsidiary	**146,456**	146,566	**–**	–
- a former associate	**–**	–	**–**	708
VAT receivable	**–**	–	**3,064**	1,697
Advances to suppliers	**–**	–	**737**	5,465
	146,458	146,595	**4,854**	13,351
Total trade and other receivables	**146,458**	146,595	**8,925**	25,306

As at 1 July 2018, the Group's gross trade receivables from contracts with customers due from non-related parties amounted to RMB 37,858,000.

Trade receivables are due within 30 to 90 days (2019 - 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.

14 Trade and other receivables (Cont'd)

The non-trade amounts due from a subsidiary and a former associate 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 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Chinese renminbi	**146,456**	146,565	**5,154**	13,400
Japanese yen	**–**	–	**696**	972
Singapore dollar	**2**	30	**2**	29
United States dollar	**–**	–	**3,073**	10,905
	146,458	146,595	**8,925**	25,306

Other receivables of RMB 1,790,000 (2019 - RMB 11,654,000) (excluding VAT receivable) are neither past due nor impaired.

Further details of the Group's financial risk management of credit risk are disclosed in Note 32.3.

15 Prepayments (current)

	The Company		The Group	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Prepaid other operating expenses	**87**	86	**1,928**	86

16 Cash and bank balances

	The Company		The Group	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash on hand	**–**	–	**3**	185
Bank balances	**149**	521	**22,361**	12,716
	149	521	**22,364**	12,901

RMB is not freely convertible into foreign currencies and the remittance of these funds maintained with banks in the PRC by the Group out of the PRC is subject to currency exchange restriction amounting to RMB 17,280,549 (2019 - RMB 11,229,778).

Cash and bank balances are denominated in the following currencies:

	The Company		The Group	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Chinese renminbi	**–**	17	**7,817**	3,893
Hong Kong dollar	**–**	–	**2**	3
Singapore dollar	**142**	497	**147**	502
United States dollar	**7**	7	**14,398**	8,503
	149	521	**22,364**	12,901

Further details of the Group's financial risk management and credit risk are disclosed in Note 32.3.

17 Associates classified as held for sale

Asset held for sale

The Group	Note	**30 June 2020** **RMB'000**	30 June 2019 RMB'000
Balance at beginning of the year		**39,933**	–
Add: Transfer from investment in associate	10	**–**	43,114
Less: Impairment loss	25(c), 26	**–**	(3,181)
Less: Receipts of proceeds		**(9,853)**	–
Balance at end of year		**30,080**	39,933

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

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

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

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

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

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

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

Assets held for sale are measured at the lower of carrying amount and fair value less costs of disposal. The fair value of the carrying amount of the Disposal Group held for sale was based on the agreed selling price in the sale and purchase contract between the Group and the Purchaser which is considered to be a fair value hierarchy Level 2 measurement. The Group has recognised an impairment loss of RMB Nil (2019 - RMB 3,181,000) on the investment in associate in respect of the Disposal Group when it was reclassified as assets held for sale as the expected fair value less costs of disposal which is represented by the sale proceeds was lower than the carrying amount.

During the financial year ended 30 June 2020, the Group has received RMB 9,853,000 from the Purchaser. Further to the payment received, the Group has transferred 11.1% of the equity interest in the registered capital of Tianwang to the Purchaser, which corresponds to the proportion of the Consideration paid.

Subsequent to year end, as of 21 August 2020, the Purchaser has paid an aggregate amount of RMB 13,370,000 to Wangsheng which represented the full payment of the RMB 13,311,000 payment to be made by the Purchaser in advance of the 31 October 2020 deadline in accordance with the Revised Agreement.

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

Financial information:

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

18 Share capital

	Number of ordinary shares		Amount	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
The Company and The Group	**'000**	'000	**RMB'000**	RMB'000
Issued and fully paid ordinary shares with no par value:				
Balance at beginning and at end of year	**176,798**	176,798	**322,210**	322,210

Per Accounting and Corporate Regulatory Authority ("ACRA") registered records, the gross issued and paid up capital as at 30 June 2020 is S$69,312,309 (2019 - S$69,312,309).

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

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.

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Statutory common reserve		
Balance at beginning of year	**71,135**	71,135
Transfer from accumulated profit	**1,314**	–
Balance at end of year	**72,449**	71,135

(c) Revaluation reserve

Revaluation reserve arises from the revaluation of the leasehold buildings and land use rights at valuation within right-of-use assets during the financial year ended 30 June 2020 in accordance with the requirements of SFRS(I) 1-16.

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Revaluation reserve			
Balance at the beginning of the year		**38,130**	35,775
Movement during the year	25(e)	**3,610**	2,355
Balance at end of the year		**41,740**	38,130

19 Other reserves (Cont'd)

(d) Other reserve – non-distributable

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

The Group	Note	**2020 RMB'000**	2019 RMB'000
Other reserve			
Movement and balance at end of year	21	**29,349**	29,349

20 Bank borrowings

	Note	**The Company 30 June 2020 RMB'000**	The Company 30 June 2019 RMB'000	**The Group 30 June 2020 RMB'000**	The Group 30 June 2019 RMB'000
Secured bank loan:					
#1 Term loan	(a)	**5,067**	5,448	**5,067**	5,448
#2 Bank loan	(b)	**–**	–	**2,000**	3,000
		5,067	5,448	**7,067**	8,448
Amount repayable:					
Not later than one year		**394**	370	**2,394**	3,370
Later than one year and not later than five years		**1,767**	1,665	**1,767**	1,665
Later than five years		**2,906**	3,413	**2,906**	3,413
		4,673	5,078	**4,673**	5,078
		5,067	5,448	**7,067**	8,448

(a) The term loan of S$ 988,000 or equivalent to RMB 5,067,000 (2019 - S$ 1,322,000 or equivalent to RMB 5,448,000) is repayable over 162 (2019 - 174) monthly instalments commencing from 13 July 2016 with a principal payment of S$ 6,102 (2019 - S$ 6,102) plus any applicable interest.

The loan is secured by a first ranking mortgage in the amount of S$ 1,450,000 or equivalent to RMB 7,364,000 (2019 - S$ 1,530,000 or equivalent to RMB 7,770,000) on its legal charges on an investment property - an office unit in GSH Plaza, Singapore. Refer to Note 8 to the financial statements.

The Company has financial covenants attached to this term loan which relate to restriction of limits imposed on certain ratios to be maintained. During the financial year ended 30 June 2020, 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 1.1% (2019 - 2.7%) per annum below the applicable Enterprise Base Rate. The effective interest rate of the term loan ranges from 4.60% to 4.75% (2019 - 3.85% to 4.60%) per annum.

20 Bank borrowings (Cont'd)

(b) The bank loan of RMB 2,000,000 is repayable on 21 November 2020. 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 buildings of RMB 16,464,000 (2019: RMB 20,484,000) [see Notes 4 and 5], land use rights of land area of 16,400.68 sqm [see Notes 5 and 6] and investment properties of RMB 63,457,000 (2019: RMB 37,285,000) [see Note 8(c)] belonging to a subsidiary, Wangsheng.

Interest is charged at 5.9% per annum.

In 2019, 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 20,484,000 [see Note 4(c)], land use rights of land area of 16,400.68 sqm (see Note 6) and investment properties of RMB 37,285,000 [see Note 8(c)] belonging to a subsidiary, Wangsheng.

Interest is charged at 5.9% per annum. As at the date of this report, this bank loan has been fully repaid.

Bank borrowings are denominated in the following currencies:

	The Company		**The Group**	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Chinese renminbi	**–**	–	**2,000**	3,000
Singapore dollar	**5,067**	5,448	**5,067**	5,448
	5,067	5,448	**7,067**	8,448

21 Trade and other payables

	The Company		The Group	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**–**	–	**7,908**	12,571
Trade amount owing to a former associate	**–**	–	**–**	163
	–	–	**7,908**	12,734
Other payables	**5**	6	**2,539**	2,805
VAT payable	**–**	–	**3,872**	3,619
Government tax payable	**–**	–	**103**	196
Non-trade amount owing to:				
- a subsidiary	**5,400**	1,515	**–**	–
- a party who is a substantial shareholder of the Company	**–**	–	**–**	14,366
Advances from customers representing contract liability	**–**	–	**188**	44
Accruals	**2,554**	2,453	**3,694**	1,071
Rental deposit	**43**	–	**43**	–
	8,002	3,974	**10,439**	22,101
Balance at the end of the year	**8,002**	3,974	**18,347**	34,835

As at 1 July 2018, the Group's advances from customers amounted to RMB 20,000.

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 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.

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Chinese renminbi	**5,400**	1,515	**15,745**	32,376
Singapore dollar	**2,602**	2,459	**2,602**	2,459
	8,002	3,974	**18,347**	34,835

21 Trade and other payables (Cont'd)

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

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

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

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

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

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

Refer to Note 30(iii) on the letter of undertaking by the Chief Executive Officer and Executive Director of the Company, Chen Qiuhai, to the Company.

Actions taken by the Audit Committee and the Board in addressing the qualified opinion of FY2019 relating to the spill over effect from the financial statements of FY 2017 and FY 2018

The Company's Audit Committee has held discussions with the management to address the internal controls environment and to observe best practices. This is in furtherance to the assistance provided by the Group's legal counsel and internal auditors to address the relevant regulations and procedures in regard to the business environment and internal controls of the Group.

The Company's internal auditor has issued their report for the current financial year which showed that management has addressed the deficiencies noted on corporate governance and internal controls and that there were no significant deficiencies in internal control of the Group noted. In this regard, the Audit Committee has considered that management has in place a proper internal control system. The management had informed the Audit Committee and the Board of Directors of the Company that the spill over effect of matters arising in fiscal year 2017 and fiscal year 2018 did not have any liabilities and claims or any other matter that could have a significant impact on the financial statements for the financial year ended 30 June 2020 or its corresponding figures. Accordingly, as to the accounting matters and legal consequences on the spill over effects, management did not find any financial liabilities that could significantly affect the current year's financial statements or its corresponding financial statements.

21 Trade and other payables (Cont'd)

Actions taken by the Audit Committee and the Board in addressing the qualified opinion of FY2019 relating to the spill over effect from the financial statements of FY 2017 and FY 2018 (Cont'd)

On the basis of the above findings, the Audit Committee and the Board of Directors have concluded that there are no other liabilities or events arising from the spill over effects that may have an impact on the performance and financial position of the Group as of and for the year ended 30 June 2020 or its the corresponding figures.

22 Revenue

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Processed food and food products – point in time	**75,585**	61,358
	75,585	61,358

Disaggregation of revenue from contracts with customers

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

	At point in time RMB'000	**Over time RMB'000**	**Total RMB'000**
2020			
- Japan	**60,398**	**–**	**60,398**
- PRC	**15,187**	**–**	**15,187**
	75,585	**–**	**75,585**
2019			
- Japan	58,477	–	58,477
- PRC	2,767	–	2,767
- Netherlands	114	–	114
	61,358	–	61,358

22 Revenue (Cont'd)

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

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Trade receivables	14	**4,071**	11,955
Advances from customers representing contract liabilities	21	**188**	44

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

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the year	**44**	20
Increases due to cash received, excluding amounts recognised as revenue during the year	**188**	44

23 Rental income from investment properties

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Rental income	8(e)	**5,267**	5,058

Information about the Group's leasing activities, including those related to investment properties, are disclosed in Note 30.

24 Other operating income

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Compensation received	24(a)	**5,000**	–
Exchange gain, net	26	**385**	342
Government subsidies	24(b)	**419**	50
Interest income	26	**58**	8
Sale of raw materials	24(c)	**37**	3,295
Fair value gain on investment properties	8	**14,069**	–
Gain on disposal of property, plant and equipment	26	**23**	–
Other subsidies income		**419**	–
Miscellaneous income		**841**	718
		21,251	4,413

(a) Based on the sale and purchase agreement dated 22 December 2015, the Vendor is obliged to pay the Group a 10% penalty based on RMB 50 million, should Tianwang fail to achieve total earnings of at least RMB 50 million within the first three years of the date of the Acquisition. Based on the audited financial statements of Tianwang, the total earnings for the three financial years after the date of the Acquisition amounted to approximately RMB 7.5 million. Accordingly, the Vendor shall pay the penalty of RMB 5 million to Wangsheng. On 2 September 2019, the Group has received the full sum of RMB 5 million from the Vendor.

(b) 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.

(c) Sale of raw materials consists of sales of aged stock.

25(a) Selling and distribution expenses

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Advertising fee		**–**	77
Amortisation of intangible assets	7	**23**	12
Courier expenses		**471**	685
Depreciation of property, plant and equipment	4	**4**	4
Employee benefit costs	25(f)	**381**	438
Others		**160**	324
		1,039	1,540

25(b) Administrative expenses

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Amortisation of land use rights	6	**–**	542
Audit fees paid/payable to:			
- auditors of the Company	26	**813**	669
Depreciation of property, plant and equipment	4	**66**	1,211
Amortisation/depreciation of right-of-use assets	5	**1,096**	–
Directors' fees	25(f)	**839**	648
Employee benefit costs		**6,818**	5,565
	25(f)	**7,657**	6,213
Entertainment expense		**390**	423
Legal and professional fees		**877**	1,317
Research expenses	26	**589**	1,846
Repair and maintenance		**873**	175
Stamp duty and other taxes		**20**	532
Transport expenses		**548**	922
Utilities		**1,434**	803
Others		**2,331**	1,999
		16,694	16,652

25(c) Other operating expenses

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Cost of sale of raw materials		**12**	5,121
Employee benefit costs	25(f)	**14**	–
Impairment loss on investment in an associate, classified as held for sale	17	**–**	3,181
Impairment loss on right-of-use assets	5	**6,962**	–
Impairment loss on land use rights	6	**–**	3,771
Fair value loss on investment property	8	**–**	1,259
Property, plant and equipment written off		**27**	1
Write down of inventories to net realisable value		**–**	1,274
Others		**557**	1,273
		7,572	15,880

25(d) Finance costs

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Interest expenses on bank loans	**391**	404

25(e) Other comprehensive income, net of tax

The Group	Note	**30 June 2020** Before tax RMB'000	Tax expense RMB'000	Net of tax RMB'000
Revaluation gain on right-of-use assets *	5, 12, 19	**3,443**	**167**	**3,610**

	Note	30 June 2019 Before tax RMB'000	Tax expense RMB'000	Net of tax RMB'000
Revaluation gain on leasehold properties	4, 12, 19	3,140	(785)	2,355

*Included fair value gain of RMB 1,460,000 recognised for buildings transferred to investment properties during the financial year ended 30 June 2020. Refer to Note 5 for details.

25(f) Employee benefit costs

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Salaries and related costs	**17,403**	15,457
Contributions to defined contribution plans	**412**	705
	17,815	16,162

25(f) Employee benefit costs (Cont'd)

Represented as follows:

		The Company		The Group	
		30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Directors' fee	25(b)	**839**	648	**839**	648
Short-term benefits		**612**	752	**1,079**	1,306
		1,451	1,400	**1,918**	1,954
Others		**–**	–	**15,897**	14,208
		1,451	1,400	**17,815**	16,162
Analysed into:					
Directors of the Company		**839**	648	**839**	893
Directors of the subsidiaries		**–**	–	**388**	309
Key management personnel		**612**	752	**691**	752
		1,451	1,400	**1,918**	1,954
Other than directors and key management personnel		**–**	–	**15,897**	14,208
		1,451	1,400	**17,815**	16,162

Employee benefit costs are charged to:

		30 June 2020	30 June 2019
The Group	Note	**RMB'000**	RMB'000
Cost of sales		**9,763**	9,511
Selling and distribution expenses	25(a)	**381**	438
Administrative expenses	25(b)	**7,657**	6,213
Other expenses	25(c)	**14**	–
		17,815	16,162

26 Profit/(Loss) before taxation

The Group	Note	**30 June 2020 RMB'000**	30 June 2019 RMB'000
(Loss)/profit before taxation has been arrived at after charging:			
Depreciation of property, plant and equipment	4	**172**	4,391
Depreciation of right-of-use assets	5	**3,316**	–
Amortisation of land use rights	6	**–**	542
Amortisation of intangible assets	7	**23**	12
Employee benefit costs	25(f)	**17,815**	16,162
Audit fees paid/payable to:			
- auditors of the Company	25(b)	**813**	669
Non audit fees paid to external auditors of the Company		**–**	–
Impairment of investment in associates classified as held for sale	17	**–**	3,181
Impairment of right-of-use assets	5	**6,962**	–
Impairment of investment properties		**–**	1,259
Impairment of land use right	6	**–**	3,771
Property, plant and equipment written off		**27**	1
Research expenses	25(b)	**589**	1,846
and crediting:			
Fair value gain on investment properties	8	**14,069**	–
Exchange gain, net	24	**385**	342
Gain on disposal of property, plant and equipment		**23**	–
Interest income	24	**58**	8

27 Taxation

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Current taxation		
- Current financial year	**154**	–
- Under provision in respect to prior years	**–**	89
	154	89
Deferred taxation		
- Origination and reversal of temporary difference	**6,576**	(106)
	6,576	(106)
Tax expense/(credit)	**6,730**	(17)

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

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Profit/(Loss) before taxation	**13,483**	(35,021)
Income tax calculated at the applicable tax rate in PRC where the Group's taxable income is mainly derived	**3,717**	(8,755)
Tax effect of share of results of associates	**–**	(77)
Tax effect on non-taxable income (a)	**(5,181)**	(168)
Tax effect on non-deductible expenses (b)	**1,517**	2,110
Under/(over) provision in respect to prior years	**–**	89
Effect of different tax rates	**–**	418
Deferred tax asset not recognised	**(35)**	6,317
Origination and reversal of temporary difference	**6,576**	(106)
Others, including unreconciled items	**136**	155
	6,730	(17)

(a) Income not subject to tax relate mainly to fair value changes and foreign exchange differences arising from financial instruments.

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

27 Taxation (Cont'd)

Applicable tax rate

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

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

Deferred tax asset not recognised in the current year relates to unabsorbed tax losses of the group of RMB 25,408,000 (2019 - RMB 25,268,000).

28 Earnings/(Loss) per share

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Net profit/(loss) attributable to equity holders of the Company	**6,753**	(35,004)

	30 June 2020 '000	30 June 2019 '000
Weighted average number of ordinary shares outstanding for the purpose of diluted earnings per share	**176,798**	176,798

The Group	**30 June 2020 RMB**	30 June 2019 RMB
Basic earnings/(loss) per share (cents)	**3.8**	(19.8)
Diluted earnings/(loss) per share (cents)	**3.8**	(19.8)

Basic earnings/(loss) per share

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

28 Earnings/(Loss) per share (Cont'd)

Basic earnings/(loss) per share (Cont'd)

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

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

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:

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Purchases from an associate classified as held for sale	**–**	5,201
The Company		
Advances from a subsidiary	**3,885**	7,314

30 Commitments

(i) Operating lease commitment (non-cancellable)

Where Group is the lessee

The Group leases a factory from a non-related party under non-cancellable operating lease agreements. At the end of the reporting period, the Group was committed to making the following lease payment under non-cancellable leases:

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Not later than one year	**6**	47
Later than one year and not later than five years	**1**	8
Later than five years	**–**	–
	7	55

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 July 2019 is disclosed in Note 3 "Leases". The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

30 Commitments (Cont'd)

(i) Operating lease commitment (non-cancellable) (Cont'd)

Where Group is the lessor

Investment properties

Operating leases, in which the Group is the lessor, relate to investment properties (Note 8) owned by the Group with lease terms of between 1.5 to 8 years with one-year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to properties which are located in locations with constant increase in value over the last 5 years. The Group has not identified any indications that this situation will change.

The Group's revenue from rental income received on the investment properties are disclosed in Note 23.

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

	The Company		The Group	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Undiscounted lease payments to be received:				
Not later than one year	**254**	–	**13,847**	17,748
Later than one year and not later than five years	**211**	–	**46,102**	18,566
Later than five years	**–**	–	**2,670**	–
	465	–	**62,619**	36,314

(ii) Capital commitments

There is no capital commitment contracted but not provided for in the consolidated financial statements as at 30 June 2020 and 2019.

(iii) Letter of undertaking

In connection with the unaccountable balances (refer to Note 21), the Chief Executive Officer and Executive Director of the Company, Chen Qiuhai, has, through the Company's lawyer, provided a letter of undertaking dated 12 August 2019 to the Company to repay any liabilities that may arise from the unaccountable balances.

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:

Processed food products

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

Investment properties

Since the current financial year ended 30 June 2019, the management has identified that the rental income from investment properties constitutes an operating business segment in accordance with accounting standard SFRS(I) 1-40.

Corporate

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

31 Statement of operations by segments (Cont'd)

(a) Business segments

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group for the year ended 30 June 2020:

The Group	Investment properties RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
Year ended 30 June 2020				
Revenue				
- Sale of goods	–	75,585	–	75,585
- Rental income	5,267	–	–	5,267
Segment results	2,961	7,699	(3,866)	6,794
Fair value gain on investment properties	14,069	–	–	14,069
Property, plant and equipment written off	–	(27)	–	(27)
Impairment of right-of-use assets	–	(6,962)	–	(6,962)
Finance costs	(251)	(140)	–	(391)
Profit/(loss) before taxation	16,779	570	(3,866)	13,483
Taxation	(8,317)	1,588	(1)	(6,730)
Net profit/(loss)	8,462	2,158	(3,867)	6,753
Other segment items				
Capital expenditure				
- Property, plant and equipment	–	9,911	–	9,911
- Intangible assets	–	33	–	33
Property, plant and equipment written off	–	27	–	27
Fair value gain on investment properties	(14,069)	–	–	(14,069)
Impairment of right-of-use assets	–	6,962	–	6,962
Depreciation and amortisation	–	3,510	1	3,511
Segment assets	230,916	100,026	238	331,180
Segment liabilities	5,067	13,770	2,602	21,439

31 Statement of operations by segments (Cont'd)

(a) Business segments (Cont'd)

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

The Group	Investment properties RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
Year ended 30 June 2019				
Revenue				
- Sale of goods	–	61,358	–	61,358
- Rental income	5,058	–	–	5,058
Segment results	3,121	(24,184)	(3,759)	(24,822)
Fair value loss on investment properties	(1,259)	–	–	(1,259)
Property, plant and equipment written off	–	(1)	–	(1)
Impairment of land use rights	–	(3,771)	–	(3,771)
Impairment on investment in associates classified as held for sale	–	(3,181)	–	(3,181)
Write-down of inventories to net realisable value	–	(1,274)	–	(1,274)
Finance costs	(252)	(152)	–	(404)
Share of loss of associates classified as asset held for sale	–	(309)	–	(309)
Profit/(loss) before taxation	1,610	(32,872)	(3,759)	(35,021)
Taxation	–	17	–	17
Profit/(loss) after taxation	1,610	(32,855)	(3,759)	(35,004)
Other segment items				
Capital expenditure				
- Property, plant and equipment	–	2,336	318	2,654
- Intangible assets	–	48	–	48
Property, plant and equipment written off	–	1	–	1
Fair value loss on investment properties	1,259	–	–	1,259
Impairment of land use rights	–	3,771	–	3,771
Depreciation and amortisation	–	4,285	106	4,391
Segment assets	180,698	142,454	639	323,791
Segment liabilities	5,448	31,561	2,459	39,468

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:

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Revenue – sale of goods		
- Japan	**60,398**	58,477
- The People's Republic of China ("PRC")	**15,187**	2,767
- Netherlands	**–**	114
	75,585	61,358
Revenue – rental income – PRC	**5,267**	5,058

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

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Non-current assets		
- The People's Republic of China	**272,908**	255,590
- Singapore	**7,365**	7,772
	280,273	263,362

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

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Reportable segments' assets are reconciled to total assets:		
Segment assets	**331,180**	323,791
Associates classified as asset held for sale	**30,080**	39,933
VAT receivable	**3,064**	1,697
	364,324	365,421
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	**21,439**	39,468
Deferred tax liabilities	**39,214**	32,805
VAT payable	**3,872**	3,619
Government tax payable	**103**	196
	64,628	76,088

31 Statement of operations by segments (Cont'd)

(d) Information about major customers

The revenue from one customer of the Group's processed food products segment amounted to approximately RMB 48,118,000 (2019 - RMB 48,848,000) and accounted for 64% (2019 - 80%) 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 2020 and 30 June 2019, 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.

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

32.1 Foreign currency risk (Cont'd)

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

The Company	Note	Singapore Dollar RMB'000	United States Dollar RMB'000	Total RMB'000
30 June 2020				
Trade and other receivables	14	**2**	**–**	**2**
Cash and bank balances	16	**142**	**7**	**149**
		144	**7**	**151**
Trade and other payables	21	**(2,602)**	**–**	**(2,602)**
Bank borrowings	20	**(5,067)**	**–**	**(5,067)**
		(7,669)	**–**	**(7,669)**
30 June 2019				
Trade and other receivables	14	30	–	30
Cash and bank balances	16	497	7	504
		527	7	534
Trade and other payables	21	(2,459)	–	(2,459)
Bank borrowings	20	(5,448)	–	(5,448)
		(7,907)	–	(7,907)

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 are as follows:

The Group	Note	Japanese yen RMB'000	Hong Kong dollar RMB'000	Singapore dollar RMB'000	United States dollar RMB'000	Total RMB'000
30 June 2020						
Trade and other receivables	14	**696**	**–**	**2**	**3,073**	**3,771**
Cash and bank balances	16	**–**	**2**	**147**	**14,398**	**14,547**
		696	**2**	**149**	**17,471**	**18,318**
Trade and other payables	21	**–**	**–**	**(2,602)**	**–**	**(2,602)**
Bank borrowings	20	**–**	**–**	**(5,067)**	**–**	**(5,067)**
		–	**–**	**(7,669)**	**–**	**(7,669)**
30 June 2019						
Trade and other receivables	14	972	–	29	10,905	11,906
Cash and bank balances	16	–	3	502	8,503	9,008
		972	3	531	19,408	20,914
Trade and other payables	21	–	–	(2,459)	–	(2,459)
Bank borrowings	20	–	–	(5,448)	–	(5,448)
		–	–	(7,907)	–	(7,907)

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

32.1 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

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

The Company	**30 June 2020** Profit/(loss) net of tax	**30 June 2020** Equity	30 June 2019 Profit/(loss) net of tax	30 June 2019 Equity
	RMB'000	**RMB'000**	RMB'000	RMB'000
	Increase/(Decrease)		Increase/(Decrease)	
Singapore dollar				
- strengthened 5% (2019 - 5%)	**(312)**	**(312)**	(306)	(306)
- weakened 5% (2019 - 5%)	**312**	**312**	306	306
United States dollar				
- strengthened 5% (2019 - 5%)	*****	*****	*	*
- weakened 5% (2019 - 5%)	*****	*****	*	*

The Group	**30 June 2020** Profit/(loss) net of tax	**30 June 2020** Equity	30 June 2019 Profit/(loss) net of tax	30 June 2019 Equity
	RMB'000	**RMB'000**	RMB'000	RMB'000
	Increase/(Decrease)		Increase/(Decrease)	
Japanese yen				
- strengthened 5% (2019 - 5%)	**26**	**26**	34	34
- weakened 5% (2019 - 5%)	**(26)**	**(26)**	(34)	(34)
Hong Kong dollar				
- strengthened 5% (2019 - 5%)	*****	*****	*	*
- weakened 5% (2019 - 5%)	*****	*****	*	*
Singapore dollar				
- strengthened 5% (2019 - 5%)	**(282)**	**(282)**	(306)	(306)
- weakened 5% (2019 - 5%)	**282**	**282**	306	306
United States dollar				
- strengthened 5% (2019 - 5%)	**655**	**655**	728	728
- weakened 5% (2019 - 5%)	**(655)**	**(655)**	(728)	(728)

* Less than RMB 1,000

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

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:

The Company	**Within 1 year RMB'000**	**1-2 years RMB'000**	**2-3 years RMB'000**	**More than 3 years RMB'000**	**Total RMB'000**
30 June 2020					
Floating rate					
Bank borrowings	**(394)**	**(442)**	**(442)**	**(3,789)**	**(5,067)**
Cash and bank balances	**149**	**–**	**–**	**–**	**149**
30 June 2019					
Floating rate					
Bank borrowings	(370)	(416)	(416)	(4,246)	(5,448)
Cash and bank balances	521	–	–	–	521

The Group	**Within 1 year RMB'000**	**1-2 years RMB'000**	**2-3 years RMB'000**	**More than 3 years RMB'000**	**Total RMB'000**
30 June 2020					
Floating rate					
Bank borrowings	**(2,394)**	**(442)**	**(442)**	**(3,789)**	**(7,067)**
Cash and bank balances	**22,364**	**–**	**–**	**–**	**22,364**
30 June 2019					
Floating rate					
Bank borrowings	(3,370)	(416)	(416)	(4,246)	(8,448)
Cash and bank balances	12,901	–	–	–	12,901

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. For other financial assets, including cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

32.3 Credit risk (Cont'd)

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

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

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

The Company's and the Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that the counterparties fail to perform their obligations as of 30 June 2020 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statements of financial position. Cash is held with reputable financial institutions.

Exposure to credit risk

Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

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

32.3 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

Trade receivables (Cont'd)

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2020 and 2019 are set out in the provision matrix as follows:

		Past due				
30 June 2020	**Current**	**Within 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 90 days**	**Total**
The Group	**RMB'000**	**RMB '000**	**RMB '000**	**RMB'000**	**RMB'000**	**RMB'000**
ECL rate (%)	**0%**	**0%**	**0%**	**0%**	**0%**	
Processed food products						
Trade receivables – Gross	**3,838**	**74**	**74**	**35**	**50**	**4,071**
Loss allowance	**–**	**–**	**–**	**–**	**–**	**–**

		Past due				
30 June 2019	Current	Within 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
The Group	RMB'000	RMB '000	RMB '000	RMB'000	RMB'000	RMB'000
ECL rate (%)	0%	0%	0%	0%	0%	
Processed food products						
Trade receivables – Gross	10,736	–	–	8	1,211	11,955
Loss allowance	–	–	–	–	–	–

The Company have evaluated the credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2020 at RMB Nil (2019: Nil) as most of the trade receivables have been settled within a short period of time (within 90 days) after its year end.

Significant concentration of credit risks

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

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

32.3 Credit risk (Cont'd)

Significant concentration of credit risks (Cont'd)

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

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

These trade receivables are creditworthy counterparties with good track record of credit history. Other than as disclosed in Note 14 to the financial statements, management believes that no additional credit risk lies in the Group's trade and other receivables.

Other receivables, amount due from subsidiaries and amount due from associate

The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for future outlook of industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-months ECL and determined that the ECL is insignificant. Other than the above, there is no credit loss allowance for other financial assets at amortised costs as at 30 June 2020 and 2019.

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)

Letter of undertaking

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

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

The Company	**Less than 1 year RMB'000**	**Between 1 to 5 years RMB'000**	**Above 5 years RMB'000**	**Total RMB'000**
As at 30 June 2020				
Trade and other payables	**8,002**	**–**	**–**	**8,002**
Bank borrowings	**620**	**2,480**	**3,322**	**6,422**
	8,622	**2,480**	**3,322**	**14,424**
As at 30 June 2019				
Trade and other payables	3,974	–	–	3,974
Bank borrowings	612	2,448	3,900	6,960
	4,586	2,448	3,900	10,934
The Group				
As at 30 June 2020				
Trade and other payables (less VAT and government tax)	**14,372**	**–**	**–**	**14,372**
Bank borrowings	**2,620**	**2,480**	**3,322**	**8,422**
	16,992	**2,480**	**3,322**	**22,794**
As at 30 June 2019				
Trade and other payables (less VAT and government tax)	31,020	–	–	31,020
Bank borrowings	3,612	2,448	3,900	9,960
	34,632	2,448	3,900	40,980

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

32.4 Liquidity risk (Cont'd)

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

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Unutilised bank credit facilities	**68,000**	67,000

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.

32.6 Fair value measurements

Definition of fair value

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

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

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

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

32.6 Fair value measurements (Cont'd)

Definition of fair value (Cont'd)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
30 June 2020				
Non-financial assets				
Investment properties:				
- Leasehold buildings	**–**	**220,426**	**–**	**220,426**
- Land use rights	**–**	**10,490**	**–**	**10,490**
Right-of-use assets:				
- Leasehold buildings	**–**	**37,118**	**–**	**37,118**
- Land use rights	**–**	**11,120**	**–**	**11,120**
Associates classified as held for sale*	**–**	**30,080**	**–**	**30,080**
30 June 2019				
Non-financial assets				
Investment properties	–	180,698	–	180,698
Leasehold properties	–	62,162	–	62,162
Associates classified as held for sale*	–	39,933	–	39,933

* The fair value of the carrying amount of the Disposal Group held for sale was based on the agreed selling price in the sale and purchase contract between the Group and the Purchaser which is considered to be a fair value hierarchy Level 2 measurement.

There were no transfers into or out of fair value hierarchy levels for financial years ended 30 June 2020 and 2019.

Valuation policies and procedures

The Group's Chief Financial Officer ("CFO"), who is assisted by the financial controllers (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation.

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

32.6 Fair value measurements (Cont'd)

Valuation policies and procedures (Cont'd)

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.

Fair value measurement of non-financial assets

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2020	2019	Inter-relationship of key unobservable inputs and fair value
Leasehold buildings and Investment properties					
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 300 Houyu Jingxi Town, Minhou County, Fuzhou City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**10 - 15%**	5%	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**29 RMB/ month**	27 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)

32.6 Fair value measurements (Cont'd)

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2020	Range of unobservable inputs 2019	Inter-relationship of key unobservable inputs and fair value
Fujian Wangsheng Industrial Co., Ltd. Factory and office building located at No. 2 Dongling Road, Minhou Economic and Technological Development Zone, Ganzhe Street Minhou County, Fuzhou City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**15%**	15%	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**29 RMB/ month**	19 RMB to 24 RMB/ month	The higher the market rent, the higher the fair value of the investment property
Zhangping Fengwang Agricultural Products Co., Ltd. Luoan Food Industrial Park, Houfu Village, Guilin Street, Zhangping City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**20%**	15%	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**1.5 RMB to 15 RMB/ month**	7 RMB to 15 RMB/ month	The higher the market rent, the higher the fair value of the investment property
Leasehold buildings and Investment properties					
Nanping Yuanwang Foods Co., Ltd. Warehouse and shophouse located at No. 2 Shengfeng Road, Liantang Town, Pucheng County, Nanping City Fujian Province, The PRC	Income approach	Capitalization Rate	**5.50% to 6.00%**	5.50% to 6.00%	The higher the capitalization rate, the lower the fair value of the investment property
		Vacancy Rate	**20% to 30%**	20% to 30%	The higher the vacancy rate, the lower the fair value of the investment property
		Monthly Market Rent (per Sqm)	**8 RMB/ month**	9 RMB/ month	The higher the market rent, the higher the fair value of the investment property
The Company 20 Cecil Street #06-02 GSH Plaza Singapore 049705	Market approach – Comparison Method	Transacted price of comparable properties (per sqm)	**RMB 31,875 per sqm**	RMB 161,875 per sqm	The estimated fair value would increase/decrease if the transacted price of comparable properties was higher/lower.

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 2020 and 2019.

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 financial statements.

As disclosed in Note 19(b) to the financial statements, the subsidiaries are required by relevant laws and regulations of the PRC to contribute and to maintain a non-distributable PRC statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 30 June 2020 and 2019.

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

Total capital is calculated as equity plus net debt.

		The Company		**The Group**	
		30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Trade and other payables	21	**8,002**	3,974	**18,347**	34,835
Bank borrowings	20	**5,067**	5,448	**7,067**	8,448
		13,069	9,422	**25,414**	43,283
Less: Cash and bank balances	16	**(149)**	(521)	**(22,364)**	(12,901)
Net debt		**12,920**	8,901	**3,050**	30,382
Equity attributable to the equity holders of the Company		**290,752**	295,314	**299,696**	289,333
Total capital		**303,672**	304,215	**302,747**	319,715
Gearing ratio		**4.3%**	2.9%	**1.0%**	9.5%

34 Financial instruments by category

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

The Group	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Financial assets		
Trade and other receivables, excluding advance to supplier and VAT receivables (Note 14)	**5,124**	18,144
Cash and cash equivalents (Note 16)	**22,364**	12,901
	27,488	31,045
Financial liabilities		
Trade and other payables (Note 21)	**18,347**	34,835
Borrowings (Note 20)	**7,067**	8,448
	25,414	43,283

The Company	**30 June 2020 RMB'000**	30 June 2019 RMB'000
Financial assets		
Trade and other receivables (Note 14)	**146,458**	146,595
Cash and cash equivalents (Note 16)	**149**	521
	146,607	147,116
Financial liabilities		
Trade and other payables (Note 21)	**8,002**	3,974
Borrowings (Note 20)	**5,067**	5,448
	13,069	9,422

35 Subsequent events

(a) On 21 August 2020, the Group has received additional proceeds of RMB 3,517,000 from the disposal of investment in associate.

(b) An outbreak of COVID-19 (Coronavirus Disease 2019) had been reported to the World Health Organisation in China on 31 December 2019. At the date of these financial statements, it has spread to various regions around the world, including Asia, Australia, Europe, Middle East and the United States of America. The Group and the Company operates in various regions such as Singapore, the PRC and Hong Kong which are affected by the outbreak. While the full impact to the Group and the Company cannot be quantified reliably, the Group and the Company's performance subsequent to the balance sheet date is likely to be negatively impacted as a result of regional and global travel restrictions, quarantine and/or illness of employees, loss of customers, supply chain disruptions, and other forms of interruptions to business.

STATISTICS OF SHAREHOLDINGS

As at 22 September 2020

SHAREHOLDING INFORMATION

Total Number of Shares	:	176,798,164
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share (excluding treasury shares)
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 99	11	0.91	620	0.00
100 – 1,000	180	14.77	87,082	0.05
1,001 – 10,000	641	52.89	3,034,740	1.71
10,001 - 1,000,000	370	30.44	18,505,065	10.47
1,000,001 and above	12	0.99	155,170,657	87.77
GRAND TOTAL	1,214	100.00	176,798,164	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

		DIRECT INTEREST		DEEMED INTEREST	
NO	NAME	NO. OF SHARES	%	NO. OF SHARES	%
1.	Sanwang International Holdings Limited(1)	–	–	62,931,015	35.59
2.	Chen Qiuhai(1)	–	–	62,931,015	35.59
3.	Hydrex International Pte. Ltd.(2)	12,600,000	7.13	–	–
4.	Goi Seng Hui(2)	21,626,661	12.23	12,600,000	7.13
5.	Envictus International Holdings Limited	18,535,320	10.48	–	–

The percentage of shareholding above is computed based on the total number of issued shares of 176,798,164 excluding treasury shares.

Notes:

(1) Sanwang International Holdings Limited ("Sanwang") is a company incorporated in British Virgin Island and wholly-owned by Mr Chen Qiuhai. Accordingly, Mr Chen Qiuhai is deemed to be interests in 62,931,015 ordinary shares held by Sanwang by virtue of Section 4 of the Securities and Future Act. Sanwang is deemed to be interested in 62,931,015 ordinary shares held under the nominee account, UOB Kay Hian Private Limited.

(2) Mr Goi Seng Hui is deemed to be interested in 12,600,000 ordinary shares held by Hydrex International Pte. Ltd..

TWENTY LARGEST SHAREHOLDERS

NO	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1.	UOB KAY HIAN PRIVATE LIMITED	66,309,015	37.51
2.	GOI SENG HUI	21,626,661	12.23
3.	ENVICTUS INTERNATIONAL HOLDINGS LIMITED	18,535,320	10.48
4.	RHB SECURITIES SINGAPORE PTE. LTD.	14,644,013	8.28
5.	HYDREX INTERNATIONAL PTE LTD	12,600,000	7.13
6.	CHEW GHIM BOK	5,922,600	3.35
7.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,313,068	1.87
8.	CHIA KEE KOON	2,738,600	1.55
9.	OCBC SECURITIES PRIVATE LIMITED	2,600,580	1.47
10.	CITIBANK NOMINEES SINGAPORE PTE LTD	2,540,500	1.44
11.	PHILLIP SECURITIES PTE LTD	2,257,800	1.28
12.	LIM & TAN SECURITIES PTE LTD	2,082,500	1.18
13.	DBS NOMINEES (PRIVATE) LIMITED	822,600	0.47
14.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	642,400	0.36
15.	WONG YIN MUI	465,000	0.26
16.	MAYBANK KIM ENG SECURITIES PTE. LTD.	456,000	0.26
17.	LEE SUI HEE	450,000	0.25
18.	LEE WEE KIAT	426,000	0.24
19.	KGI SECURITIES (SINGAPORE) PTE. LTD.	370,800	0.21
20.	YUEN CHEE KHUEN	347,000	0.20
	TOTAL	159,150,457	90.02

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

As at 22 September 2020, 34.56% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of YAMADA GREEN RESOURCES LIMITED (the "Company") will be held via electronic means on Friday, 30 October 2020 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and of the Group for the financial year ended 30 June 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company who retire pursuant to Regulation 91 of the Constitution of the Company:

   Mr Chua Ser Miang **(Resolution 2)**
   Mr Xie Yimin **(Resolution 3)**

   [See Explanatory Note (i)]

3. To approve the payment of Directors' fee of S$165,000 for the financial year ending 30 June 2021, to be paid half yearly in arrears. (2020: S$165,000). **(Resolution 4)**

4. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolution, with or without any modifications:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares;

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the “Share Issue Mandate”)

provided that:

(1) the aggregate number of shares (including shares to be issued pursuance to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

  (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

  (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

  (c) any subsequent consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)] **(Resolution 6)**

7. **Authority to issue shares under the Yamada Green Resources Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share options under the Yamada Green Resources Share Option Scheme (the "Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of share options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued and/or issuable pursuant to the Scheme and all shares awarded under the Yamada Green Resources Performance Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 7)**

8. **Authority to issue shares under the Yamada Green Resources Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share awards under the Yamada Green Resources Performance Share Plan (the "Plan") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and ordinary shares to be issued and/or issuable in respect of all share options granted under the Yamada Green Resources Share Option Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 8)**

By Order of the Board

Mr Wong Chee Meng Lawrence
Company Secretary
Singapore, 9 October 2020

Explanatory Notes:

i. Mr Chua Ser Miang will, upon re-election, remain as the Lead Independent Director of the Company, the Chairman of the Nominating Committee and Remuneration Committee, and a member of the Audit Committee. Mr Chua will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

   Mr Xie Yimin. will, upon re-election, remain as an Executive Director of the Company.

ii. Resolution 6, if passed, will empower the Directors of the Company from the date of this Annual General Meeting ("AGM") until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to existing shareholders of the Company.

   For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

iii. Resolution 7 above, if passed, will authorise and empower the Directors of the Company from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the capital of the Company pursuant to the exercise of share options granted under the Yamada Green Resources Share Option Scheme ("Scheme") provided that the aggregate number of additional shares to be issued and/or issuable pursuant to the Scheme and all shares awarded under the Yamada Green Resources Performance Share Plan ("Plan") do not exceed in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

iv. Resolution 8 above, if passed, will authorise and empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the capital of the Company pursuant to the vesting of share awards under the Plan provided that the aggregate number of additional shares to be issued pursuant to the Plan and ordinary shares to be issued and/or issuable in respect of all share options granted under the Scheme do not exceed in total (for the entire duration of the Plan) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. A Shareholder (including a relevant intermediary*) entitled to vote at the Annual General Meeting (the "AGM") must appoint Chairman of the AGM to act as proxy and direct the vote at the AGM.

2. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.

3. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

4. In the case of joint shareholders, all holders must sign the form of proxy.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE TO SHAREHOLDERS

The AGM is being convened, and will be held, only by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice, Annual Report of the Company for the financial year ended 30 June 2020 (the "Annual Report"), and the proxy form will not be sent to Shareholders. Instead, these documents will be made available on SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's corporate website at the URL https://www.yamada-green.com/.

Alternative arrangements relating to, among others, attendance at the AGM by way of electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions prior to, or at the AGM and/or voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below.

Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, a Shareholder (including a relevant intermediary*) will not be able to attend the AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM.

* Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any shareholder who is a relevant intermediary is required to appoint the Chairman of the AGM to attend and vote at the AGM. Relevant intermediary is either:

(i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

(iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

Shareholders may participate at the AGM by taking note of the following steps:

1. Registration for Live Webcast

A Shareholder will be able to follow the proceedings of the AGM through a live audio-visual webcast or live audio-only stream (collectively, "Live Webcast") via mobile phone, tablet, computer or any such electronic device. In order to do so, a Shareholder must pre-register no later than 10.00 a.m. on 28 October 2020 ("Registration Deadline"), at the https://agm.conveneagm.com/yamadagreen2020, for authentication of their status as Shareholders. Shareholders who have been authenticated will receive email instructions to access the Live Webcast of the proceedings of the AGM by 29 October 2020.

Shareholders who have registered by the Registration Deadline but did not receive email instructions by 29 October 2020 may contact the Company's Share Registrar by email at: rhtcaoscar@rhtcorporate.com for assistance (between 9.00 a.m. to 5.00 p.m. on 29 October 2020) with the following details included:

(i) Shareholder's full name as per CDP/CPF/SRS account records;
(ii) his/her/its identification/company registration number; and
(iii) the manner in which the shares are held (e.g. via COP, CPF or SRS).

Shareholders must not forward the abovementioned email instructions to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Corporate shareholders must also submit the Corporate Representative Certificate to the Company's Share Registrar at rhtcaoscar@rhtcorporate.com, in addition to the registration procedures as set out in the paragraph above, by the Registration Deadline, for verification purpose.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to participate in the AGM should, in addition to pre-registering, must also approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

2. Shareholders' Queries

Shareholders will not be able to speak or ask questions during the Live Webcast, therefore it is important for them to submit their questions in advance of the AGM.

All questions must be submitted no later than 10.00 a.m. on 23 October 2020 to the Company:

(a) by mail to the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower Singapore 049712; or

(b) via email to: rhtcaoscar@rhtcorporate.com

For verification purpose, when submitting any questions by post or via email, Shareholders MUST provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC / passport number / company registration number, shareholding type and number of shares held).

The Company will endeavour to address the substantial queries from Shareholders prior to, or at the AGM and upload the Company's responses on the SGX website.

The minutes of the AGM, which include responses to substantial queries from the Shareholders which are addressed during the AGM, shall thereafter be published on SGX website, within one (1) month from the conclusion of the AGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, can submit their questions in relation to any resolution set out in the Notice of AGM upon pre-registration, however, they should, in addition to pre-registering, must also approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

3. Proxy Voting

A Shareholder (including a relevant intermediary) will not be able to attend the AGM physically in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.

The instrument appointing the Chairman of the AGM as proxy has been uploaded together with this Notice of AGM on SGX website on the same day. Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

(a) if by post, to the office of the Company's Share Registrar, at 30 Cecil Street, #19-08 Prudential Tower Singapore 049712 (Opening Hours is 9am to 5.00pm, Mondays to Fridays (excluding Public Holidays); or

(b) if sent by email to: rhtcaoscar@rhtcorporate.com.

in either case, not less than 48 hours before the time for holding the AGM and at any adjournment thereof.

A Shareholder who wishes to submit an instrument of proxy by (a) and (b) must first download the proxy form, which is available on SGX website at the URL https://www.sgx.com/securities/company-announcements, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit competed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to appoint the Chairman of the AGM as proxy, should approach their respective agents, including CPF Agent Banks and SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 10:00 a.m. on 21 October 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the Chairman of the AGM as proxy.

The Annual Report has been uploaded on SGX website on 9 October 2020.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE:

Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGX website. Shareholders are advised to check the SGX website regularly for updates on the AGM.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as proxy to attend and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via Live Webcast, or (c) submitting any question prior to the AGM in accordance with this Notice, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the Live Webcast to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM.

Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

YAMADA GREEN RESOURCES LIMITED
(Company Registration No. 201002962E)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. The Annual General Meeting (the "**AGM**") is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream (collectively "Live Webcast"), submission in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying section entitled "**Important Notice to Shareholders**" of the Notice of AGM. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of the Notice of AGM in respect of the AGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. Please read the notes to this proxy form.

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this form)

I/We ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of **YAMADA GREEN RESOURCES LIMITED** (the "**Company**") hereby appoint the Chairman of the Annual General Meeting as *my/our proxy to attend, speak and to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company ("AGM") to be held by way of electronic means on Friday, 30 October 2020 at 10.00 a.m. and at any adjournment thereof.

*I/We direct the Chairman of the AGM, being *my/our proxy, to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

No.	**Ordinary Resolutions relating to:**	**Number of votes**		
	Ordinary Business	**For****	**Against****	**Abstain****
1	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2019 together with the Auditors' Report thereon.			
2	To re-elect Mr Chua Ser Miang, a Director retiring under Regulation 91 of the Constitution of the Company.			
3	To re-elect Mr Xie Yimin, a Director retiring under Regulation 91 of the Constitution of the Company.			
4	To approve the payment of Directors' fee of S$165,000 for the financial year ending 30 June 2021, to be paid half yearly in arrears.			
5	To re-appoint Messrs Foo Kon Tan LLP as the Auditors and to authorise the Directors of the Company to fix their remuneration.			
	Special Business			
6	Authority for Directors to allot and issue shares			
7	Authority to issue shares under the Yamada Green Resources Share Option Scheme			
8	Authority to issue shares under the Yamada Green Resources Performance Share Plan			

** Delete where inapplicable accordingly.*

*** Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to exercise all your votes "For" or "Against" or "Abstain" the relevant resolution, please mark a "√" in the relevant box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" or "Abstain" in the relevant box provided in respect of that resolution. If you mark a "√" in the abstain box for a particular resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.*

Dated this ________ day of __________________ 2020.

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

____
Signature(s) of Member(s)/
and Common Seal of Corporate Member(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must: (a) if by post, to the office of the Company's Share Registrar, at 30 Cecil Street, #19-08 Prudential Tower Singapore 049712 not less than 48 hours before the time appointed for the holding of the Meeting (Opening Hours is 9am to 5.00pm, Mondays to Fridays (excluding Public Holidays); or (b) if sent by email to: rhtcaoscar@rhtcorporate.com in either case, not less than 48 hours before the time for holding the AGM and at any adjournment thereof and in default the instrument of proxy shall not be treated as valid. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.

6. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM.

7. For investors who have used their CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) to buy Shares, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors and/or SRS Investors who wish to appoint the Chairman of the AGM to act as their proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 20 October 2020).

Personal data privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 October 2020.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register at seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

YAMADA GREEN RESOURCES LIMITED

Company Registration No. 201002962E

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