



YAMADA GREEN RESOURCES LIMITED

# Enriching new Possibilities for Growth



ANNUAL REPORT 2014



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# Corporate Profile



**“We are one of the major growers, manufacturers and suppliers of fresh and processed agricultural products in Fujian Province, the PRC.”**



Yamada is a major grower, manufacturer and supplier of fresh and processed agricultural products in Fujian Province, the People's Republic of China (“PRC”). Our products consist of two major segments: self-cultivation segment and processed food segment. Yamada’s self-cultivated products comprise of moso bamboo trees, bamboo shoots and edible fungi, mainly including shiitake mushroom and black fungus. They are mainly sold as fresh produce to wholesalers of agricultural food products in the domestic markets. Our processed food products include processed mushrooms, processed vegetables, water-boiled bamboo shoots and konjac-based dietary fibre food products. They are sold in major cities in PRC through our well established network under our trademarked brands, such as “旺成食品”, “研食坊”, “第七庄园” and “第七元素”, and are exported to overseas markets, mainly Japan, under our customers’ brand names.

We also possess upstream resources with sawdust from our eucalyptus plantations which can be utilised for the production of synthetic logs used in the cultivation of edible fungi and the spring bamboo shoots from our moso bamboo plantations which can be supplied to our processed food business as raw material for our processed bamboo shoots.



# Our Products



## Self-cultivated Edible Fungi

Most of our self-cultivated edible fungi, such as shiitake mushroom and black fungus, are harvested and sold as fresh produce, while the remaining undergo further processing before being sold as dried products. They are sold mainly to wholesalers of agricultural food products in the PRC, who in turn sell our products to restaurants, supermarkets and retailers. Cultivation period is from October to April.



## Self-cultivated Moso Bamboo Trees and Bamboo Shoots

We commenced harvesting of bamboo trees, winter bamboo shoots and spring bamboo shoots in FY2014. During the harvesting season, we operated 11,302 mu of bamboo plantations in Fujian Province. The bamboo trees and winter bamboo shoots are sold to wholesalers while the spring bamboo shoots are supplied to our processed food business as raw material for our processed bamboo shoots.



## Processed Food Products

Our processed food products are manufactured from various types of fresh vegetables and semi-processed food products purchased from our suppliers. We also produce konjac-based dietary fibre food products, such as konjac instant noodles and konjac desserts. They are distributed and sold to the PRC consumers mainly through local supermarket chains in major cities under our own brands, and to overseas markets, mainly Japan, under our customers' brand names.

# Enriching new Possibilities

Building on our strong foundations, we seek to continue strengthening and capitalising on our efforts in developing new convenience food products as well as enriching our product mix in the processed food segment. This will help to broaden our segment revenue base and creates new possibilities for the Group to steady our footsteps in this industry.



# Chairman's Statement



CHEN QIUHAI  
Executive Chairman and Chief  
Executive Officer

“In May 2014, we expanded mature Moso bamboo plantations to 33,845 mu. We enjoy harvesting rights to all produce including mature bamboo trees, spring bamboo shoots and winter bamboo shoots.”

## Dear Shareholders,

On behalf of the Board of Directors, I am honoured to present to you the Annual Report of Yamada Green Resources Limited (“Yamada”) for the financial year ended 30 June 2014. (“FY2014”). Despite a slowdown in China’s economy and uneven economic growth in Japan, our main overseas market, Yamada’s performance was commendably strong over the financial year in review.

Favourable weather conditions in FY2014 resulted in a 7.4% growth in yields of our shiitake mushrooms, our largest product line. In addition, healthy demand and a higher average selling price for our shiitake mushrooms combined to lift our revenue and profit. Overall, we witnessed growth across all our segments by products and geographical locations.

## YEAR IN REVIEW

Against this robust backdrop, we delivered a strong set of financial results. The Group’s revenue grew 20.0% from RMB509.2 million in the financial year ended 30 June 2013 (“FY2013”) to RMB611.4 million in FY2014. Our self-cultivation business segment reported an 18.1% improvement, from RMB354.9 million in FY2013 to RMB419.3 million in FY2014.

Within this segment, we secured a 13.4% growth in sales of our self-cultivated shiitake mushrooms, from RMB341.8 million in FY2013 to RMB387.9 million in FY2014. Better weather conditions also resulted in satisfactory mushroom yields of approximately 54,380 tonnes in FY2014, compared to 50,650 tonnes in FY2013. Strong demand coupled with better quality of the shiitake mushrooms led to a higher average selling price of about RMB7.13 per kg of our shiitake mushrooms in FY2014, up about 5.0% compared to FY2013.

Meanwhile, our sales of black fungus increased by approximately RMB1.0 million or 7.6%, from RMB13.1 million in FY2013 to RMB14.1 million in FY2014.

During the financial year, we also commenced harvesting of our self-cultivated bamboo trees and bamboo shoots. A revenue of RMB13 million was derived from our bamboo business in FY2014.

Over the financial year, we achieved higher sales in our processed food segment in both our domestic and Japanese markets. The latter contributed strongly to the growth as our existing customers placed more orders. Revenue in this segment grew about 24.4%, from RMB154.3 million in FY2013 to RMB192.1 million in FY2014.



# Chairman's Statement



With the higher of the Group's revenue, our gross profit increased by approximately RMB33.7 million or 29.6%, from RMB113.2 million in FY2013 to RMB146.9 million in FY2014. Encouragingly, our gross profit margin also strengthened to 24.0% in FY2014, from 22.2% in FY2013.

## OUTLOOK AND STRATEGY

Despite lacklustre broader economic conditions in our main markets of China and Japan, we are optimistic that prospects for our business remain good. We will carry on our brand-building and market development efforts in the new financial year. We will also continue to maintain a close and long-term working relationship with our local and Japanese customers who have been supportive of our products. We believe this brand equity and strong customer relations set us in a good competitive position.

We are also well-positioned to leverage on the increasing health consciousness and urbanisation among middle and upper-income consumers with our healthy edible fungi and bamboo shoots products, as well as our processed food products, including konjac-based dietary fibre and other convenience food products.



# Chairman's Statement



Our self-cultivated edible fungi business will continue to contribute significantly to the Group's revenue in FY2015. We are one of the major shiitake mushrooms supplier in Fujian province. Shiitake mushrooms, in particular, are one of the most popular edible mushrooms in China because of its favourable taste and health benefits. Barring any unforeseen extreme weather conditions, we believe our shiitake mushrooms business line will continue to deliver steady performance.

We will increase our efforts to expand our range of processed vegetables and healthy convenience food products. Concurrently, we will widen our sales network to enable us to tap the growth in demand for healthy processed foods in China and Japan respectively.

We will continue our efforts at diversification through the further expansion of our bamboo plantation holdings which yield bamboo trees and bamboo shoots. Cultivation of bamboo trees and bamboo shoots are less affected by extreme



# Chairman's Statement

weather changes seen in recent years in China. Diversifying into bamboo business will allow us to broaden our revenue base and reduce the reliance on our self-cultivated shiitake mushrooms business.

The bamboo plantations further secure our upstream resource sustainability as spring bamboo shoots from the plantations can be used as raw material for one of our main processed food products – water-boiled bamboo shoots.

We added an additional 22,543 mu to our moso bamboo plantation after our FY2014 bamboo trees and bamboo shoots harvesting season (1 mu is equivalent to approximately 667 square metres). This is done through a 10-year lease from Pu Cheng County Min Pu Osmanthus Seedling Plants Cooperative for an aggregate consideration of RMB78.9 million. With this development, our total moso bamboo plantation area has been 33,845 mu since May 2014 .

On 9 September 2014, we announced a proposed acquisition of a 10-year lease of 67,000 mu of moso bamboo plantation from Jiangle Shanfeng Bamboo Co., Ltd. for an aggregate consideration of RMB234.5 million. This proposed acquisition is subject to the receipt of approval from the shareholders of our Company at an Extraordinary General Meeting to be convened.

## STRATEGIC ACQUISITION

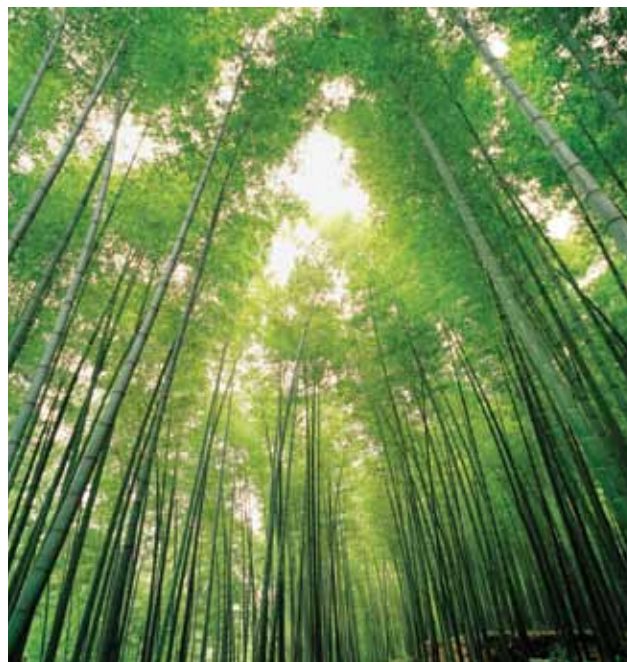
In June 2014, we proposed to acquire 19% equity interest in the registered capital of Zhangzhou Meisei Foods Co., Ltd. ("Meisei") The company is involved in the manufacturing and supply of a wide variety of agricultural processed food products including different types of processed bamboo shoots, pickled vegetables and other processed vegetables. The purchase consideration is RMB36.4 million, subject to potential adjustments disclosed in announcement.

## PROPOSED DIVIDEND

To reward our valued shareholders, the Board has recommended a first and final tax-exempt one-tier dividend of RMB0.012 per ordinary share for FY2014 to be approved at the upcoming Annual General Meeting of the company.

## BOARD CHANGES

In June 2014, Mr Lin Weibin was appointed an Executive Director responsible for corporate strategic development and the management of corporate affairs of the Group. In the same month, Mr Chen Qisheng resigned as Executive



Director, as well as Director of our Group's subsidiaries. We thank him for his contributions and wish him well in his future endeavours.

## CONCLUSION

FY2014 has been a year of encouraging performance. We have started taking steps to broaden our revenue base and diversify into a new level of growth. We are confident that these developments will place us in an even stronger footing as we progress into Financial Year 2015.

In conclusion, on behalf of the Board, I would like to extend our gratitude to our business partners, directors, management and staff. I would also like to thank our shareholders and look forward to your continued support as we take Yamada to the next level!

**CHEN QIUHAI**

*Executive Chairman and Chief Executive Officer*

# 主席致辞

“在保持核心业务的同时，我们也在不断的寻找新的经济增长点。在2014年5月，我们租凭了新的毛竹林。至此，我们所经营的毛竹林面积增至33,845亩。在租赁期间内，我们拥有成熟毛竹以及春笋和冬笋的砍伐权。”

尊敬的各位股东，

在此，我谨代表山田绿色资源有限公司（“山田”）董事会，向各位汇报截至2014年6月30日（“2014财年”）的集团年报。尽管中国经济放缓、我们主要海外市场日本经济增长充满变数，回顾过去一年，山田的表现依然十分强健。

在2014财年，良好的天气状况使得我们最大的产品线自种香菇的产量上升了7.4%。另外，香菇的强劲需求量以及其平均售价的上涨两种因素混合提升了我们的收入与利润。总体来讲，我们见证了集团各项业务板块和国内外市场业务的同时增长。

## 年度回顾

在这个充满商机的背景下，我们呈现了强劲的财务业绩。集团收入从2013财年的5亿920万人民币增长到了2014财年的6亿1140万人民币，增长了大约20%。我们自种业务的收入提高了18.1%，从2013财年的3亿5490万人民币上升到2014财年的4亿1930万人民币。

在这项业务中，自种香菇的销售有13.4%的增长，从2013财年3亿4180万人民币增加到2014财年的3亿8790万人民币。适宜种植的气候也使得2014财年的香菇产量达到了大约54,380吨，2013财年的产量是50,650吨。强劲的香菇需求量和更佳的香菇品质促使其平均售价上升至每公斤7.13人民币，相对于2013财年，涨幅大约5%。

同时，我们黑木耳的销售收入增加了100万人民币或7.6%，从2013财年的1310万人民币增至2014财年的1410人民币。

在2014财年，我们也开始了自种竹笋以及毛竹的收成，为山田带来了1300万人民币的收入。

在过去的一年中，我们的加工食品业务在国内与日本市场的销售也取得增长。后者增长更为显著，主要来自我们现有客户订单量的增加。加工食品业务收入增加了大约24.4%，从2013财年的1亿5430万人民币上升至2014财年的1亿9210万人民币。

随着总体收入的增长，我们的毛利也同样上涨了3370万人民币，大约29.6%，从2013财年的1亿1320万人民币增至2014财年的1亿4690万人民币。另外，我们的毛利率同样也从2013财年的22.2%增至2014财年的24.0%。

## 远景与战略

尽管国内和日本的经济情况依旧不明朗，我们对于公司的业务前景保持乐观。在新的财年，我们依然会致力于品牌建设与市场开发，并且，我们会继续与长期以来一直支持我们的国内和日本客户保持紧密战略合作伙伴关系。我们相信品牌资产和良好的客户关系将让我们更具竞争力。另外，国内城镇化发展以及中高收入消费群不断提升的健康意识带动了我们各类健康食品的销售，包括食用菌、竹笋、魔芋膳食纤维食品以及其他方便食品。

# 主席致辞

我们的自种食用菌业务在2015财年依然会是集团收入的主要来源。我们是福建省主要香菇供应商之一，香菇凭其独特的风味与其健康功效，成为中国长久以来最受欢迎的食用菌之一。除了不可预计的气候因素，我们相信香菇业务在未来仍然表现稳健。

我们会继续努力扩展加工蔬菜与健康方便食品的种类。同时，我们将会持续开拓销售渠道来满足中国与日本市场对健康加工食品的需求。

我们会通过进一步扩充毛竹林来生产毛竹、春笋以及冬笋以实现主营业务多元化。中国近几年气候的显著变化对毛竹与竹笋的种植影响较不明显。投入竹林业务可以让我们拓展收入来源并减少我们对自种香菇业务的依赖。竹林可以进一步保证我们上游资源的持续性，毛竹林所生长的春笋可以作为我们主要加工水煮笋的原材料。

在2014财年的毛竹与竹笋产季过后，我们新增了22,543亩毛竹林（一亩大约等于667平方米），通过与浦城县闽浦丹桂苗木种植专业合作社签订总价值为7890万人民币，租赁期为10年的协议。随着协议签订的完成，我们毛竹林总面积在2014财年末达到了33,845亩。

2014年9月9日，我们宣布与将乐山丰林业有限公司签订竹林租赁协议。相关毛竹林面积为67,000亩，租赁期10年，总协议金额是2亿3450万人民币。此次租赁协议有待在特别股东大会上取得公司股东的批准后才正式生效。

## 战略收购

在2014年6月，我们与漳州明成食品有限公司签订了19%股权收购协议。该公司经营各类农产品的加工，包括加工笋、腌菜与其他加工蔬菜的生产。这项协议的收购价为3640万人民币，有待根据公告中所披露的潜在调整。

## 拟派股息

为了回馈我们尊敬的股东，董事将会在即将到来的股东大会上提议派发每股免税股利0.012人民币。我们感谢股东长期以来对我们的支持。

## 董事变更

在2014年6月，林卫斌先生被任命为执行董事，主要负责公司战略发展与集团事务的管理。在同一个月内，陈琪昇先生辞去执行董事以及集团子公司董事职位。我们非常感谢他为公司所作出的贡献并祝愿他在未来的工作中取得成功。

## 总结

2014财年是值得鼓舞的一年。我们开始逐步拓宽收入来源并进入新的增长领域。当我们迎向2015财年，我有信心随着集团的发展脚步将带领我们迈向更具优势的地位。

我在此代表董事会对我们的商业伙伴、董事、管理层以及员工表示由衷的感谢。我们也感谢股东并期待大家继续支持我们，让山田更上一个台阶。

陈秋海

执行主席兼首席执行官

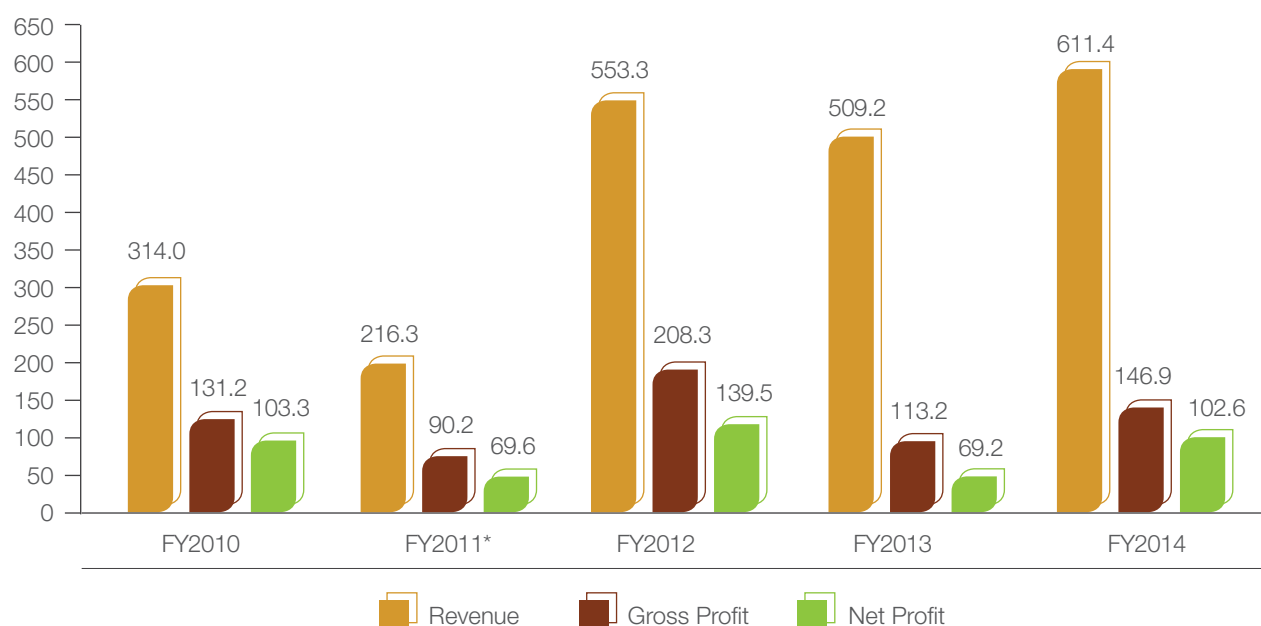


# Financial Highlights

(RMB'mil)	FY2010	FY2011*	FY2012	FY2013	FY2014
Revenue	314.0	216.3	553.3	509.2	611.4
Gross Profit	131.2	90.2	208.3	113.2	146.9
Gross Profit Margin (%)	41.8	41.7	37.6	22.2	24.0
Net Profit	103.3	69.6	139.5	69.2	102.6
Net Profit Margin (%)	32.9	32.2	25.2	13.6	16.8

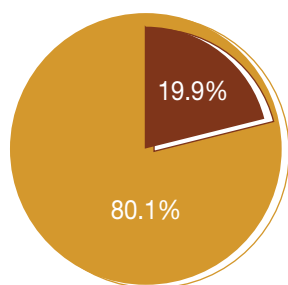
## REVENUE, GROSS PROFIT AND NET PROFIT

RMB'mil

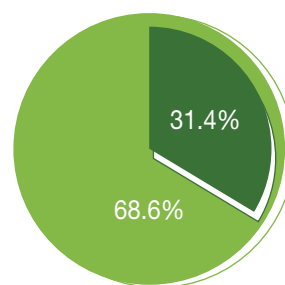


\* Refer to 6-month period from 1 January 2011 to 30 June 2011.

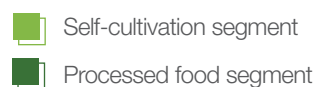
## REVENUE BREAKDOWN FOR FY2014



Geographical Location



Business Segment



# Capturing Growth Opportunities

We have increased the size of our existing moso bamboo plantation to 33,845 mu. With the enlarged area, the total yield of moso bamboo trees and bamboo shoots in the upcoming harvest will likely increase and drive the growth of our Group's revenue.



# Operations Review



“In FY2014, more than half of our shiitake mushrooms were grown from synthetic logs made of eucalyptus sawdust. The reliable supply of our eucalyptus synthetic logs allows us to better manage our cultivation costs and maintain the consistent quality of our shiitake mushrooms.”

## BUSINESS OVERVIEW

Yamada is a major grower, manufacturer and supplier of fresh and processed agricultural products in Fujian Province, PRC. Our products consist of two major segments: self-cultivation segment and processed food segment.

Our self-cultivated products comprise of edible fungi, including shiitake mushroom and black fungus, bamboo trees and bamboo shoots. The products are mainly sold to wholesalers of agricultural products in the domestic markets.

As at 30 June 2014, we occupy approximately 5,134 mu of shiitake mushroom farmland and 86 mu of black fungus farmland (1 mu equals approximately 667 square metres). Most of our self-cultivated edible fungi are sold as fresh produce, the rest were produced into dried products for sale.

We currently own 51,193 mu of eucalyptus plantations in FY2014 (the same as that in FY2013) which provide sawdust used to produce synthetic logs for the cultivation of our shiitake mushrooms. In FY2014, approximately 65% of our synthetic logs were made of eucalyptus sawdust.

We commenced harvesting of bamboo trees, winter bamboo shoots and spring bamboo shoots in FY2014. During the harvesting season, we operated 11,302 mu of bamboo plantations in Fujian Province. Our self-cultivated spring bamboo shoots are supplied to our processed food business as raw material for our processed bamboo shoots.

The moso bamboo plantations were expanded to 33,845 mu in May 2014. In September 2014, we proposed to lease another 67,000 mu of moso bamboo plantations and it is subject to approval from shareholders of the Company at an Extraordinary General Meeting to be convened.

Our processed food products include processed mushrooms, processed vegetables, water-boiled bamboo shoots and konjac-based dietary fibre food products. They are sold in major cities in PRC through our well-established network under our trademarked brands, such as “旺成食品”, “研食坊”, “第七庄园” and “第七元素”, and are exported to overseas markets, mainly Japan, under our customers’ brand names.

## FINANCIAL HIGHLIGHTS

In FY2014, our revenue increased by RMB102.2 million or 20.0% to RMB611.4 million in FY2014, from RMB509.2

million in FY2013. Our self-cultivation business segment reported improved revenue of RMB419.3 million in FY2014. This was an increase of RMB64.5 million or 18.2%, compared to RMB354.8 million in FY2013.

The Group’s sales of self-cultivation shiitake mushrooms rose by RMB46.2 million or 13.5% to RMB387.9 million in FY2014, from RMB341.7 million in FY2013. We experienced favourable weather conditions during the harvesting period in our cultivation sites. This brought about satisfactory mushroom yields of approximately 54,380 tonnes in FY2014, compared to 50,650 tonnes in FY2013. The average selling price of self-cultivation fresh shiitake mushrooms also inched up to about RMB7.13 per kg in FY2014, an approximately 5.0% increase compared to FY2013.

Sales of black fungus increased by approximately RMB1.0 million or 7.6% to RMB14.1 million in FY2014 from RMB13.1 million in FY2013. We are currently operating 86 mu of black fungus cultivation bases with an annual production rate of approximately 2,800 tonnes.

During FY2014, 565,100 pieces of moso bamboos and 357 tonnes of winter bamboo shoots were produced from 11,302 mu of bamboo plantations in Pucheng County, Fujian Province and a revenue of RMB13.0 million was generated.

Revenue from the processed food products business segment grew by RMB37.8 million or 24.4% to RMB192.1 million in FY2014, from RMB154.3 million in FY2013. This was mainly due to higher sales in both domestic and Japanese markets during the financial year.

## GROSS PROFIT

Boosted by higher revenue, our gross profit increased by RMB33.7 million or 29.6%, to RMB146.9 million in FY2014 from RMB113.2 million in FY2013. Our overall gross profit margin rose to 24.0% in FY2014 from 22.2% in FY2013.

The gross profit margin of our self-cultivation edible fungi business segment increased to 20.3% in FY2014 from 18.2% in FY2013. It was mainly attributable to a higher average selling price of shiitake mushrooms in FY2014. In addition, winter bamboo shoots and bamboo trees generated gross profit margin of 35% to 40% in FY2014.



# Operations Review

The gross profit margin for our processed food products business segment remained stable at 32.1% in FY2014 compared with 31.6% in FY2013. The variance resulted mainly from changes in product mix.

## SEGMENT REVENUE

### Product Segments

In FY2014, the revenue for our self-cultivation segment amounted to RMB419.3 million, comprising 68.6% of the Group's total revenue. Revenue for our processed food products segment was RMB192.1 million or 31.4% of the Group's total revenue.

### Geographical Segments

During the financial year in review, our domestic sales in China amounted to RMB489.8 million. China remained our main market, contributing 80.1% of the Group's revenue. Meanwhile, sales to Japan amounted to RMB121.6 million or 19.9% of the Group's revenue.

### Gain from Changes in Fair Value of Biological Assets

An independent valuation expert is appointed to assess the fair value of our biological assets comprising of eucalyptus trees and bamboo plantations at each balance sheet date. A net gain from changes in fair value of biological assets of RMB13.0 million was recognised in FY2014, compared to a net gain of RMB2.4 million in FY2013. As at 30 June 2014, we own 51,193 mu (FY2013: 51,193 mu) of eucalyptus plantations and 33,845 mu (FY2013: 11,302 mu) of moso bamboo plantations. We harvested eucalyptus trees from 5,924 mu and 5,534 mu of eucalyptus plantations in FY2014 and FY2013 respectively.

The loss from changes in fair value of eucalyptus trees amounting to approximately RMB12.0 million incurred after taking into consideration the following factors: (i) timber reserves of eucalyptus trees as at valuation date were lower than expected. (ii) an increase in cutting and operating cost as at the valuation date. On the other hand, there was a gain of approximately RMB25.0 million from changes in fair value of moso bamboos mainly due to our expanded bamboo plantations. The net present value generated from the valuation was based on the best estimates by the independent valuer in view of the conditions of our bamboo plantations and the market value of moso bamboos.

## FINANCIAL POSITION

Non-current assets increased by RMB105.3 million or 26.5% to RMB501.8 million as at 30 June 2014, from RMB396.5 million as at 30 June 2013. The increase was due to additional investment in property and plants amounted to RMB24.3 million for our new processing plants in the Economic and Technological Development Zone and our R&D Centre in Houyu Food Industry Zone in Fuzhou City, an additional long-term prepaid lease of RMB69.7 million for our newly acquired moso bamboo plantations of 22,543 mu. In addition, fair value of biological assets increased as a result of a gain from revaluation.

Our current assets increased by RMB28.7 million or 9.6% to RMB326.4 million as at 30 June 2014, from RMB297.7 million as at 30 June 2013. The increase mainly arose from a deposit of RMB20.0 million which was paid for investment in Zhangzhou Meisei Foods Co., Ltd., a prepaid lease of approximately RMB7.8 million for the additional moso bamboo plantations, and prepayments made to contractors and suppliers for the R&D centre, processing plants, machinery and equipment. Our cash and bank balances remained relatively constant at RMB21.6 million compared to FY2013. The increase was partly offset by a reduction in inventories and lower value of synthetic logs. The cost of mushroom synthetic logs as at 30 June 2014 included fair value of eucalyptus trees harvested in FY2014.

Our current liabilities increased by RMB34.9 million or 148.0% to RMB58.5 million as at 30 June 2014, from RMB23.6 million as at 30 June 2013. The increase was primarily attributable to a bank borrowing of RMB30.0 million used for our general working capital purposes and an increase in advance payment received from our customers from self-cultivation business segment.

Equity holders' interest increased by RMB99.1 million or 14.8% to RMB766.0 million as at 30 June 2014, from RMB666.9 million as at 30 June 2013. This mainly resulted from the payment of final dividend for FY2013 amounting to RMB6.5 million.

## CASH FLOWS

For FY2014, we recorded net cash generated from operating activities of RMB121.7 million. This comprised of cash generated from operating activities before changes in working capital of RMB388.5 million, working capital outflow of RMB255.2 million, and net of cash outflow amounting to RMB11.5 million from interest income received and income tax paid.

The net working capital outflow was mainly due to utilisation of edible fungi synthetic logs of approximately RMB226.6 million during the harvesting season in FY2014. In addition, trade and other receivables increased by RMB33.5 million. The cash outflow was partially offset by decrease in inventories of RMB2.6 million and increase in trade and other payables of RMB2.2 million.

For investing activities, there was a net outflow of RMB143.2 million. This included a prepaid lease of RMB78.9 million for the additional 22,543 mu of moso bamboo plantations, purchase of machinery and equipment and progressive payment for the new plants and R&D centre. In addition, RMB10.0 million was paid in advance for the maintenance of eucalyptus plantations. The cash outflow was partially offset by proceeds of RMB4.3 million derived from disposal of eucalyptus trees.

In FY2014, net cash of RMB21.9 million was generated from financing activities. We drew down a loan of RMB30.0 million from China Everbright Bank for general working capital purposes. The cash inflow was partially reduced by interest expenses incurred on a bank loan of RMB1.6 million and payment of final dividend for FY2013 of RMB6.5 million.

# Board Of Directors



**CHEN QIUHAI**  
Executive Chairman and  
Chief Executive Officer

## CHEN QIUHAI (陈秋海)

### *Executive Chairman and Chief Executive Officer*

Mr Chen Qiu Hai is our Executive Chairman and Chief Executive Officer (“CEO”), and the founder of our Group. He 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 Fuzhou Wangcheng Foods Development Co., Ltd (“wangcheng”), he has received recognition for his contributions to Wangcheng, 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.



**LIN WEIBIN**  
Executive Director

## LIN WEIBIN (林卫斌)

### *Executive Director*

Mr Lin Weibin is our Executive Director and was appointed on 3 June 2014. He is also the Director of Wangcheng and Yuanwang, Group Head of Production and Sales and Head of Sales Department of Wangcheng. Mr Lin Weibin has joined Wangcheng as an assistant of general manager since January 2014 after more than 10 years of experience in Food and Beverage (“F&B”) industry. He was mainly responsible for assisting general manager in developing and implementing the overall business strategy, overseeing the management and operation of Wangcheng. Prior to joining Wangcheng, he was a vice general manager in Longyan Zhongyuan Hotel Co., Ltd from 2006 to 2013. He was the person-in-charge of procurement and F&B department. He is proficient at Japanese language. From 1994 to 2003, he worked in three different food companies in Japan including Japan Shin-Shin Trading Co.Ltd., Japan Nissho Trading Co. Ltd and Japan Hukutaku Nittyuu Trading Co. Ltd. During the period in the Japanese companies, he was mainly involved in development and implementation of sales and marketing plans, supervision of import and export trading, and product quality management. He graduated from Fujian Normal University in 1988 with a degree in Education. He had been a lecturer in Fujian Normal University for five years after his graduation from the university.



**CHUA SER MIANG**  
Lead Independent  
Director

## CHUA SER MIANG (蔡斯敏)

### *Lead Independent Director*

Mr Chua Ser Miang is our Lead Independent Director, and was appointed to our Board on 23 September 2013. He is the Chairman of the Auditing and Nominating Committees and a member of the Remuneration Committee. Mr Chua has more than 20 years of experience in the financial industry. From 2000 to 2006, he worked at various financial institutions such as Overseas Union Bank Limited, HL Bank (Singapore branch), Daiwa Securities SMBC Singapore Limited and Asia Growth Capital Advisory Pte Ltd where he was involved mainly in corporate finance. From 2006 to 2012, Mr Chua was a Director of Corporate Finance in DMG & Partners Securities Pte Ltd, a stockbroking company. Mr Chua is currently the Director of Eastwin Capital Pte Ltd, a company providing business consultancy. Mr Chua obtained his Bachelor of Business Administration (Second Class Upper) from National University of Singapore in 1993. He is also a member of CFA Institute, USA.

# Board Of Directors



**CHANG FENG-CHANG**  
Independent Director

## CHANG FENG-CHANG (张峰璋)

### *Independent Director*

Mr Chang Feng-chang was appointed on 17 September 2010 as our Non-Executive Director and has been re-designated as an Independent Director on 21 August 2013. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He is currently the Chief Executive Officer of Kingsley Capital International Pte. Ltd.. From 2009 to 2010, he was a senior partner at Grant Thornton Zhonghua CPAs, where he oversaw the international client service, in particular assisting and advising Chinese clients on their global expansion. From 2000 to 2009, he was a partner at BDO Shanghai Zhonghua CPAs. He is also a Supervisory Board Member of Zhongde Waste Technology AG. He has been a member of the Institute of Certified Public Accountants of Taiwan since 2000, and a Certified Tax agent since 2001. He graduated from The University of Missouri in 1994 with a Master of Science in Accounting.



**GOI KOK NENG**  
Non-Executive Director

## GOI KOK NENG (魏国龙)

### *Non-Executive Director*

Mr Goi Kok Neng is our Non-Executive Director and was appointed on 15 May 2013. He is Deputy Director in charge of overseas sales of Hong Kong-listed Trigiant Group Ltd, a leading manufacturer of mobile telecommunications cables in the PRC, a position he has held since 2009. Prior to Trigiant, he was General Manager of Singapore-based Honjji Foods (2005) Pte Ltd from 2005 to 2009 where he was responsible for streamlining the operations. Mr Goi started his career with global frozen foods manufacturer Tee Yih Jia ("TYJ") Group in 1999 in various aspects of the business - namely sales, marketing and operations of TYJ Group's world-famous spring roll pastry and roti paratha. He is also a Non-executive Director of Serial System Ltd, a company listed on the Singapore Stock Exchange and a Director of Mandarin Food Manufacturing Pte Ltd.



**PROFESSOR TAN  
CHENG HAN**  
Non-Executive Director

## PROFESSOR TAN CHENG HAN (陈清汉教授)

### *Non-Executive Director*

Professor Tan Cheng Han is our Non-Executive Director, and was appointed to our Board on 23 September 2013. Professor Tan is a professor at the Faculty of Law of the National University of Singapore ("NUS"). Prior to this, he was a Partner in Drew & Napier's litigation department. Other appointments include being a board member of the Competition Commission of Singapore, the Accounting and Corporate Regulatory Authority, and the Singapore Sports Council. Professor Tan also serves on the Boards of various entities including Global Yellow Pages Limited, Chuan Hup Holdings Limited, Singapore Technologies Marine Ltd, Anwell Technologies Limited, Asian Society of International Law Ltd, Keppel Reit Management Limited, Caritas Singapore Community Council Limited, NTUC First Campus Cooperative Limited, Tokio Marine Life Insurance Singapore Ltd and Tokio Marine Insurance Singapore Ltd. Professor Tan was appointed Senior Counsel at the opening of the legal year in 2004 and was named one of the three Young Global Leaders from Singapore by the World Economic Forum in January 2005. He was also awarded the Public Administration Medal (Silver) in 2006. Professor Tan graduated from NUS in 1987 and obtained his Master of Law from the University of Cambridge in 1990.



# Key Management Personnel

**CHEW KIM KUAN (周金环)** was appointed as our Financial Controller on 5 February 2014 and is overall in-charge of the financial matters of our Group. She oversees our Group's financial matters and compliance with post-listing obligations. She first joined our Group in March 2011 as our Investor Relations Manager. Her responsibilities included advising the Management regarding Investor Relations matters and engaging the investment community. In July 2012, she took on an additional portfolio by assisting in our Group's finance matters. Prior to joining our Group, she was an Associate Consultant with BDO LLP and was significantly involved in the audit of PRC-based IPO-aspirants in the agricultural and manufacturing industries. From 2008 to 2009, she was an Audit Senior in Grant Thornton. She is a Chartered Accountant with the Institute of Singapore Chartered Accountant. She graduated with a Bachelor of Science Degree from Oxford Brookes University, U.K., England and an Accounting Professional Qualification from the Association of Chartered Certified Accountant (ACCA), both in 2007.

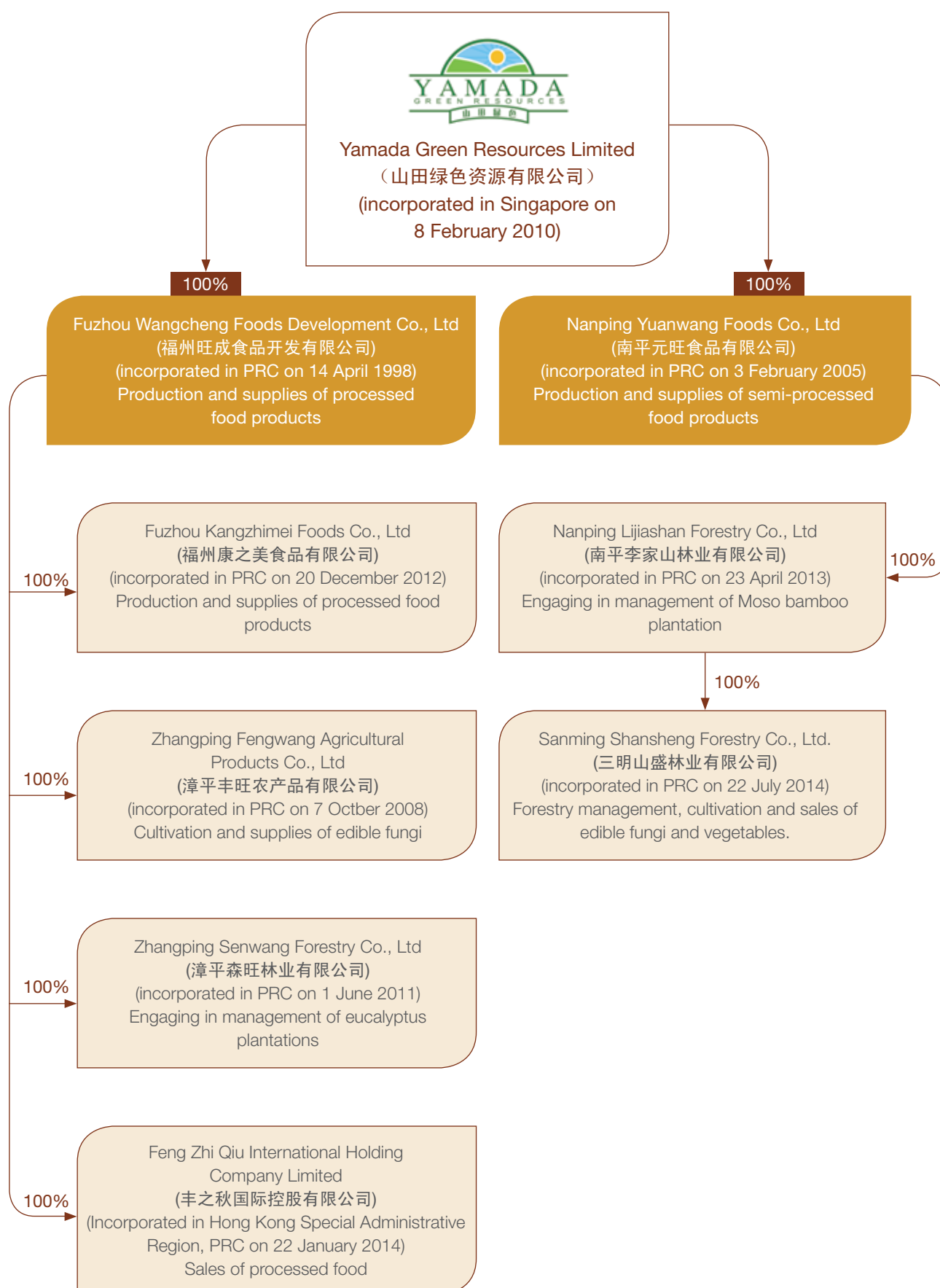
**CHEN QIUFA (陈秋发)** is our Head of Edible Fungi Cultivation Bases. He is a brother of our Executive Chairman and CEO, Chen Qiu Hai. He was appointed as the general manager of Zhangping Fengwang Agricultural Products Co., Ltd. ("Fengwang") since 2008, and is responsible for the overall management of our edible fungi cultivation bases. He also directly heads the cultivation, administration and finance departments at Fengwang. Prior to joining Fengwang, he assisted in the feasibility study for the cultivation of shiitake mushrooms conducted by our Executive Chairman and CEO, Chen Qiu Hai, from 2007 to 2008. He was a sole proprietor as a trader of shiitake mushrooms and bamboo shoots based in Beijing, the PRC, from 2003 to 2008. From 1998 to 2003, he was the deputy manager of Wangcheng, and was responsible for procurement of raw materials. He completed his high school education in Caoxi Middle School in 1982.

**LIU LIPING (刘立平)** is our Head of Administration and Procurement departments and is responsible for human resource, administrative matters and procurement of raw materials for Wangcheng. He joined Wangcheng in 1998, overseeing the logistical operations for transport and warehousing of both raw and finished products. Prior to joining Wangcheng, 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.

**HUANG TING (黄庭)** is our Deputy Head of Edible Fungi Cultivation Bases. He was appointed as the deputy general manager of Fengwang since 2008, and assists Chen Qiufa in the overall management of our edible fungi cultivation bases. He also directly heads the sales department and supervises the head of the technical department at Fengwang. He joined Wangcheng in 1999, as a supervisor in the production department. From 2005 to 2008, he was appointed as the general manager of Yuanwang, where he oversaw the overall management of Yuanwang. He completed his high school education in Longyan No.3 Middle School in 1987.

**FANG SHUZHEN (方淑珍)** is our Head of Research and Development. She oversees the Research and Development department, and is responsible for research on new products for Wangcheng. She also liaises with our overseas customers for feedback on our existing products and for possible new products. She joined Wangcheng in 2001 as a supervisor of the Research and Development department. Prior to joining Wangcheng, she was a researcher with Fujian Sunner Industrial Co., Ltd.. She graduated from Fujian Agricultural University, with a degree in veterinary science in 2000.

# Group Structure



# Corporate Information

## BOARD OF DIRECTORS

Chen Qiuhai (Executive Chairman and CEO)  
Lin Weibin (Executive Director)  
Chua Ser Miang (Lead Independent Director)  
Chang Feng-chang (Independent Director)  
Goi Kok Neng (Non-Executive Director)  
Professor Tan Cheng Han (Non-Executive Director)

## AUDIT COMMITTEE

Chua Ser Miang (Chairman)  
Chang Feng-chang  
Professor Tan Cheng Han

## NOMINATING COMMITTEE

Chua Ser Miang (Chairman)  
Chang Feng-chang  
Goi Kok Neng  
Professor Tan Cheng Han

## REMUNERATION COMMITTEE

Chang Feng-chang (Chairman)  
Chua Ser Miang  
Professor Tan Cheng Han

## COMPANY SECRETARY

Wong Chee Meng Lawrence, LL.B. (Hons)

## REGISTERED OFFICE

7 Temasek Boulevard #43-03 Suntec Tower One  
Singapore 038987  
Tel: (65) 6334 6116  
Fax: (65) 6334 7117

## PRINCIPAL PLACE OF BUSINESS

Houyu Food Industry Zone, Jingxi Town,  
Minhou County,  
Fuzhou City, Fujian Province  
PRC 350101  
Tel: (86) 591 2262 6262  
Fax: (86) 591 2262 6269  
Website: [www.yamada-green.com](http://www.yamada-green.com)

## SHARE REGISTRAR

Tricor Barbinder Share Registration Services  
(A division of Tricor Singapore Pte. Ltd.)  
80 Robinson Road #02-00  
Singapore 068898  
Tel: (65) 6236 3333  
Fax: (65) 6236 4399

## PRINCIPAL BANKERS

Bank of China Limited, Fujian Branch  
136 Wusi North Road, BOC Building  
Fuzhou City, Fujian Province  
PRC 350001

China Everbright Bank, Fuzhou Tongpan Branch  
First Floor, 3 Rongqiao Huayuan  
60 West Ring North Road, Xifeng Street  
Fuzhou City, Fujian Province  
PRC 350001

Pucheng Agricultural Credit Union  
235 Xingpu Road, Pucheng County  
Nanping City, Fujian Province  
PRC 353400

Industrial Bank Co., Ltd., Fuzhou Huanqiu Branch  
Level 1, Huanqiu Plaza  
158 Wusi Road  
Fuzhou Fujian Province  
PRC 350003

Bank of China Limited, Singapore Branch  
4 Battery Road  
Bank of China Building  
Singapore 049908

Oversea-Chinese Banking Corporation Limited  
65 Chulia Street  
#26-00 OCBC Centre  
Singapore 049513

United Overseas Bank Limited  
80 Raffles Place  
UOB Plaza  
Singapore 048624

## AUDITOR

BDO LLP  
Public Accountants and  
Chartered Accountants  
21 Merchant Road #05-01  
Singapore 058267

Partner-in-charge: William Ng Wee Liang  
(Appointed since the financial year ended 31 December 2010)



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# Corporate Governance Report

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 shareholders of the Group.

This corporate governance report describes the corporate governance framework and practices of the Group with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”). Unless otherwise stated, these practices were in place throughout the financial year ended 30 June 2014.

## BOARD MATTERS

### The Board's Conduct of Affairs

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

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

- a. approve the business strategies including significant acquisition and realisation of subsidiaries or assets and liabilities;
- b. approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
- c. approve the Group's quarterly and full year financial results;
- d. oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy and effectiveness of internal controls and risk management system, as may be recommended by the Audit Committee (“AC”);
- e. review the performance of the Management, approve the nominations to the Board on appointment of key management personnel, as may be recommended by the Nominating Committee (“NC”);
- f. review and endorse the framework of remuneration for the Board and key management personnel, as may be recommended by the Remuneration Committee (“RC”); and
- g. review and endorse corporate policies in keeping with good corporate governance and business practice.

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis.

### 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 an 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, each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The Chairman of the respective Board Committees will report to the Board on the proceedings of the Board Committee meetings and their recommendations on the specific agendas mandated to the Board Committees by the Board.

# Corporate Governance Report

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.

The Board conducts regular Board meetings at least four (4) meetings on a quarterly basis 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 Articles of Association of the Company allow 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 meeting. Decisions of the Board and Board Committees may also be deliberated and determined through circular resolutions in writing.

The number of meetings held by the Board and Board Committees and attendance of Directors at the meetings for the financial year ended 30 June 2014 is set out as follows:

	Board		AC		RC		NC	
Name of Director	Number of Meeting		Number of Meeting		Number of Meeting		Number of Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chen Qiu hai	4	3	4	3*	1	0*	1	0*
Chen Qisheng <sup>(1)</sup>	4	4	4	4*	1	1*	1	1*
Lin Weibin <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chang Feng-chang	4	4	4	4	1	1	1	1
Chua Ser Miang <sup>(3)</sup>	4	3	4	3	N/A	N/A	N/A	N/A
Goi Kok Neng	4	4	4	4	1	1	1	1
Professor Tan Cheng Han <sup>(4)</sup>	4	3	4	3	N/A	N/A	N/A	N/A
Soh Beng Keng	4	1	4	1	1	1	1	1
Sim Yong Chan	4	1	4	1	1	1	1	1

\* By invitation

N/A Not Applicable

- (1) Mr Chen Qisheng resigned as Executive Director of the Company with effect from 3 June 2014.
- (2) Mr Lin Weibin has been appointed as Executive Director of the Company with effect from 3 June 2014.
- (3) Mr Chua Ser Miang has been appointed as Independent Director of the Company on 23 September 2013 and re-designed as Lead Independent Director of the Company on 7 November 2013.
- (4) Professor Tan Cheng Han has been appointed as Non-Executive Director of the Company on 23 September 2013.
- (5) Mr Soh Beng Keng ceased as Lead Independent Director of the Company with effect from 30 October 2013.
- (6) Mr Sim Yong Chan ceased as Independent Director of the Company with effect from 30 October 2013.

Notwithstanding the above disclosures, the Board is of the view that the contribution of each Director should not be focused only on his or her 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, advices, experience and strategic networking relationships which would further the interests of the Group.

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



# Corporate Governance Report

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

## Board Composition and Guidance

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

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The Board comprises six (6) Directors of whom two (2) are Executive Directors, two (2) are Non-Executive Directors and two (2) are 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.

As at 30 June 2014, the list of Directors is as follows:

Mr Chen Qiu hai	Executive Chairman and Chief Executive Officer ("CEO")
Mr Lin Weibin	Executive Director (Appointed on 3 June 2014)
Mr Chua Ser Miang	Lead Independent Director (Appointed on 23 September 2013 and re-designated on 7 November 2013)
Mr Chang Feng-chang	Independent Director (re-designated on 21 August 2013)
Mr Goi Kok Neng	Non-Executive Director
Professor Tan Cheng Han	Non-Executive Director (Appointed on 23 September 2013)

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

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive to effective discussions and decision-making. The Board has examined its size and is of the view that the Board's size of six (6) Directors, of which two (2) are Independent Directors and two (2) are Non-Executive Directors, is appropriate and effective, taking into account the nature and scope of the Group's operations.

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

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

The Board, after taking into consideration of the recommendation the NC, is of the view that the two (2) Independent Directors, namely Mr Chua Ser Miang and Mr Chang Feng-chang (who collectively represent one-third of the Board) are independent pursuant to the definition of independence of the Code and that there is a strong and independent element on the Board which is able to exercise objective judgement on corporate matters independently, in particular, from the Management, and that no individual or small group of individuals dominate the Board's decision-making process.

Further, none of Independent Directors has served on the Board beyond nine years from the date of their first appointment.

# Corporate Governance Report

## Chairman and Chief Executive Officer

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

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There is a clear division of responsibilities at the top level with clearly defined lines of responsibilities between the Board and executive functions of the Management of the Company.

Mr Chen Qiu Hai, the founder of the Group, is the Executive Chairman and CEO of the Group. As the CEO, he 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, with the assistance of the Company Secretary and/or his or her representative, ensures that the Board receives accurate, timely and clear information, ensures that the Board meetings are held as and when necessary and sets the Board's meeting agenda. He assists in ensuring compliance with the Group's guidelines on corporate governance and facilitating the effective contribution of Non-Executive Directors.

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

Although the roles and responsibilities of the Chairman and the CEO are vested in Mr Chen Qiu Hai, the current composition of the Board is able to make objective and prudent judgment of the Group's corporate affairs. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or small group of individuals exercising any considerable concentration of power or influence. Further, the AC, RC and NC are chaired by Independent Director.

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

## Board Membership

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

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As at 30 June 2014, the NC comprises four (4) Non-Executive Directors and half of the members of the NC, including the Chairman of the NC, are considered independent pursuant to the definition of independence recommended by the Code.

The composition of the NC are:

Mr Chua Ser Miang	Chairman
Mr Chang Feng-chang	Member
Mr Goi Kok Neng	Member
Professor Tan Cheng Han	Member

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

Despite half of the members of the NC are independent, the Board is satisfied that sufficient measures have been put in place to ensure all matters are deliberated independently and objectively by the NC. This includes that no business shall be transacted by the NC without a quorum of meeting, of which should be formed by at least two (2) members, including at least one (1) independent director. The decision recommended by the NC would be submitted for the Board's endorsement before implementation.

# Corporate Governance Report

The key roles of the NC are:

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

Article 91 of the Articles of Association of the Company requires the number nearest to but 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 Article 97 of the Articles of Association of the Company that any Director appointed during the financial year shall hold office only until the next AGM of the Company and shall then be eligible for re-election at the AGM of the Company.

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

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director
Mr Chen Qiu hai	Executive Chairman	8 February 2010	29 October 2012 (Up for re-election pursuant to Article 91 at the forthcoming AGM)
Mr Lin Weibin	Executive Director	3 June 2014	(Up for re-election pursuant to Article 97 at the forthcoming AGM)
Mr Chua Ser Miang	Lead Independent Director	23 September 2013	30 October 2013
Mr Chang Feng-chang	Independent Director	17 September 2010	29 October 2012 (Up for re-election pursuant to Article 91 at the forthcoming AGM)
Mr Goi Kok Neng	Non-Executive Director	15 May 2013	30 October 2013
Professor Tan Cheng Han	Non-Executive Director	23 September 2013	30 October 2013



# Corporate Governance Report

Although the Non-Executive Directors 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 is of the view that the Non-Executive Directors have each individually contributed their invaluable experience to the Board and give 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 Non-Executive Director, is satisfied that each 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, do not encourage the practice of alternate directors appointed for Directors. During the financial year ended 30 June 2014, none of the Directors has put forward the appointment of any alternate director representing them in the Board.

The Board has accepted the recommendation of the NC's nomination for re-election of the retiring Directors, namely Mr Chen Qiu Hai, Mr Lin Weibin and Mr Chang Feng-chang, who have given their consent for re-election, at the forthcoming AGM of the Company.

To the best knowledge, the Company does not aware of any relationships (including immediate family relationships) between Directors retiring at the forthcoming AGM of the Company, namely Mr Lin Weibin and Mr Chang Feng-chang, and other Directors or 10% shareholders of the Company. Mr Chang Feng-chang has a deemed interest of 0.11% or 600,000 ordinary shares in the capital of the Company (excluding treasury shares) through Kingsley Capital International Pte. Ltd. as at 13 October 2014.

Mr Chen Qiu Hai, the other Director retiring at the forthcoming AGM of the Company, is the Executive Chairman and CEO of the Company. Mr Chen Qiu Hai has a deemed interest of 36.47% or 195,936,718 ordinary shares in the capital of the Company (excluding treasury shares) through Sanwang International Holdings Limited as at 13 October 2014.

## Board Performance

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

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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. 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 evaluated the Board's performance as a whole on an annual basis based on performance criteria set out by the Board. The assessment parameters includes 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 the financial year ended 30 June 2014, the NC has 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. The Board, after taking into account of the NC's assessment, is satisfied that the Board operates efficiently in contributing to the overall effectiveness of the Board during the financial year ended 30 June 2014.

No external facilitator has been engaged by the Company for the purpose of evaluation of the Board during the financial year ended 30 June 2014.

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 individual basis or on Board Committee basis.

# Corporate Governance Report

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.

## Access to Information

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

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

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

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

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

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

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

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

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As at 30 June 2014, the RC comprises three (3) Non-Executive Directors, 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 are:

Mr Chang Feng-chang	Chairman
Mr Chua Ser Miang	Member
Professor Tan Cheng Han	Member

# Corporate Governance Report

The key roles of the RC are:

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

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

- the remuneration packages should be comparable within the industry practices and norms and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual performance;
- the remuneration packages of employee related to Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scope and levels of responsibility; and
- Principle 8 of the Code.

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

The recommendations of the RC would be submitted to the Board for endorsement. The RC has full authority to engage any external professional to advise on matters relating to remunerations as and when the need arises. No individual Director shall be involved in deciding his or her own remuneration. The Company has not engaged any remuneration consultant in respect of the remuneration matters of the Group during the financial year ended 30 June 2014.

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

## Level and Mix of Remuneration

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

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

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

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

# Corporate Governance Report

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

The Service Agreement for the Executive Chairman and the CEO is for a fixed appointment period of three (3) years with effect from 8 October 2010, the date when the Company is admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Service Agreement for the Executive Chairman and the CEO which had been due for renewal on 7 October 2013 had extended to another period of three (3) years under the same terms and conditions unless otherwise terminated by either party giving not less than six months' notice in writing to the other.

The RC will consider to recommend the Company uses contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstance of misstatement of financial results, or of misconduct of resulting in financial loss to the Company.

## Disclosure on Remuneration

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

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors), in percentage terms showing the level and mix, for the financial year ended 30 June 2014 falling within the bands are set out below:

	Remuneration Band	Salary and other employee benefits	Bonus	Directors' Fees <sup>(1)</sup>	Total
	S\$	%	%	%	%
<b>Directors</b>					
Chen Qiu Hai <sup>(2)</sup>	<250,000	76	24	–	100
Chen Qisheng <sup>(3)</sup>	<250,000	93	7	–	100
Lin Weibin <sup>(4)</sup>	<250,000	100	–	–	100
Chang Feng-chang	<250,000	–	–	100	100
Chua Ser Miang	<250,000	–	–	100	100
Goi Kok Neng	<250,000	–	–	100	100
Professor Tan Cheng Han	<250,000	–	–	100	100
Soh Beng Keng <sup>(5)</sup>	<250,000	–	–	–	–
Sim Yong Chan <sup>(6)</sup>	<250,000	–	–	–	–
<b>Key Management Personnel</b>					
Chew Kim Kuan <sup>(7)</sup>	<250,000	100	–	–	100
Chen Qiufa	<250,000	93	7	–	100
Fang Shuzhen	<250,000	98	2	–	100
Huang Ting	<250,000	98	2	–	100
Liu Liping	<250,000	98	2	–	100
Yang Lin <sup>(8)</sup>	<250,000	100	–	–	100

(1) The payment of Directors' fees are subject to the approval of the shareholders at the forthcoming AGM of the Company.

(2) Mr Chen Qiu Hai is entitled to the use of a motorcar of at least 3,500cc in the People's Republic of China with the running costs incurred (including all road tax, insurance and maintenance costs) being borne by the Company.

(3) Mr Chen Qisheng ceased as Executive Director of the Company with effect from 3 June 2014.

(4) Mr Lin Weibin has been appointed as Executive Director of the Company with effect from 3 June 2014.



# Corporate Governance Report

- (5) Mr Soh Beng Keng ceased as Lead Independent Director of the Company with effect from 30 October 2013.
- (6) Mr Sim Yong Chan ceased as Independent Director of the Company with effect from 30 October 2013.
- (7) Ms Chew Kim Kuan has been appointed as Financial Controller of the Company with effect from 5 February 2014.
- (8) Ms Yang Lin ceased as Chief Financial Officer of the Company with effect from 15 February 2014.

Saved for Mr Chen Qiufa, 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 the financial year ended 30 June 2014.

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

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

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

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

## ACCOUNTABILITY AND AUDIT

### Accountability

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

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

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

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

# Corporate Governance Report

## Risk Management and Internal Controls

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

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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.

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 adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls. Material non-compliance and internal control weaknesses are reported to the AC together with their recommendation for improvements of the Group's internal controls. The Management will follow up and implement the recommendations suggested by the external auditors and internal auditors of the Group so as to strengthen the Group's risk management procedures.

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

The AC has relied 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 Directors have received and considered representation letters from the CEO, Executive Directors and Financial Controller of the Group whom relied upon the representation letters from senior management of the key subsidiaries in relation to the financial information for the financial year.

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.

The Board has received assurance from the CEO and the Financial Controller 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 in place is adequate 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 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 Group has a robust and effective internal controls system and risk management system and the said systems are adequate and effective to address financial, operational, compliance and information technology risks maintained by the Group as at 30 June 2014, based on the various management controls in place, the reports from the internal auditors and external auditors, reviews conducted by the Management, the management representation letter from management and the assurance from the CEO and the Financial Controller.

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.

As the Group continues to grow the business, the Board will continue to review and take appropriate steps to strengthen the Group's overall system of internal controls and risk management.

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 81 to 84.

# Corporate Governance Report

## Audit Committee

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

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As at 30 June 2014, the AC comprises three (3) Non-Executive Directors, 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 are:

Mr Chua Ser Miang	Chairman
Mr Chang Feng-chang	Member
Professor Tan Cheng Han	Member

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

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

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

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

The AC meets at a minimum, on a quarterly basis 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 auditors' 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;

# Corporate Governance Report

- review potential conflicts of interest;
- review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- generally undertake such other functions and duties as may be required by the legislation, regulations or the Listing Manual of the SGX-ST, or by such amendments as may be made thereto from time to time.

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

The AC has targeted to meet with the external auditors and internal auditors, each separately without the presence of the Management, annually. The AC reviews the findings from the external auditors and internal auditors and the assistance given to the external auditors and internal auditors by the Management. During the financial year ended 30 June 2014, the AC has met once with external auditors of the Company, Messrs BDO LLP without the presence of Management.

The AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements through attendance at seminar 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 the financial year ended 30 June 2014 is disclosed in the notes to the accompanying audited financial statements on page 59.

The AC, having reviewed the scope and value of non-audit services provided by the external auditors, which comprise tax advisory 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 BDO LLP.

Both the AC and the Board have reviewed the appointment of different auditors for its foreign subsidiaries and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company and the Group. Accordingly the Company has complied with Rules 712 and 716 of the Listing Manual of the SGX-ST.

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 BDO LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with Accounting and Corporate Regulatory Authority and provided a 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 BDO LLP for re-appointment as auditors at the forthcoming AGM of the Company.

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.



# Corporate Governance Report

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 matter of financial reporting or other matters within the Group. The policy includes arrangements for 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 the financial year ended 30 June 2014.

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

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

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

## Internal Audit

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

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

The AC will approve the appointment, removal, evaluation and compensation of internal auditors. The Company has outsourced its internal audit functions of the Group to Zhonghua Certified Public Accountants LLP, a reputable professional accounting firm in People's Republic of China, to perform the review and the test of controls of the Group's processes and procedures. Zhonghua Certified Public Accountants LLP meets the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors set out in the Code.

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

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

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

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

# Corporate Governance Report

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

#### Communication with Shareholders

#### Conduct of Shareholder Meetings

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

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

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

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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.

In addition, the Company also holds analyst briefing for the quarterly and full year financial statements after the release of announcements 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 essential information of the Group are available on the Company's website at <http://www.yamada-green.com> pursuant to which shareholders could access to, inter alia, corporate announcements, press releases and the latest financial statements disclosed by the Company via SGXNET.

The annual reports or circulars will be disseminated to every shareholder of the Company prior to the general meeting. The notice of general meeting is advertised in major newspaper and released via SGXNet. Each item of special business appeared on the notice of general meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions on each distinctive issue are proposed at general meetings for shareholders' approval.

The Company currently does not have any formal fixed dividend policy. The Company may declare 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.

In accordance with the Articles of Association of the Company, a shareholder may appoint not more than two (2) proxies to attend and vote in his or her stead at 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 welcomes the views of the shareholders on matters concerning the Group and encourages shareholders' participation at general meetings. The Chairman of the AC, NC and RC of the Company are usually available at general meetings to address questions from the shareholders. The external auditors of the Company will also be present to address any relevant queries in relation to the conduct of audit and auditors' report by the shareholders during general meetings.

During the general meetings, the Company will conduct voting for all resolutions either by a show of hands or poll. The detailed voting result of each of the resolutions is announced by the chairman of meeting at the general meeting. The voting result for a show of hands or the total numbers of votes cast for or against each resolution during the poll, as the case may be, will be announced via SGXNET after the market close.

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

# Corporate Governance Report

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

## DEALINGS IN SECURITIES

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

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

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

## INTERESTED PERSON TRANSACTIONS

The Company does not have a general mandate from shareholders for interested person transactions. Nevertheless, the Company has established internal control procedures to ensure any transaction entered into with interested persons are properly reviewed and approved by the AC with a view to ensure 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 the financial year ended 30 June 2014.

## 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 the financial year ended 30 June 2014.

## USE OF NET PROCEEDS

### (i) Use of Net Proceeds from Subscription of 82,187,000 New Ordinary Shares

The Company has on 19 February 2013 announced the subscription of 82,187,000 new ordinary shares in the capital of the Company at S\$0.119 per new ordinary share. The said 82,187,000 new ordinary shares were allotted and issued by the Company on 8 March 2014.

The net proceeds arising from the subscription of 82,187,000 new ordinary shares is approximately S\$9.4 million (equivalent to RMB47.1 million). The entire net proceeds have been earmarked for future acquisition and expansion of the Company, as well as general working capital.

# Corporate Governance Report

The Company has on 4 October 2013 announced that the above net proceeds have been fully disbursed by the Company in accordance with the intended use of the proceeds, pursuant to which approximately RMB15.0 million for general working capital purpose, approximately RMB20.0 million for progressive payment of construction of the Research and Development Centre at Houyu Food Industry Zone, Jingxi Town, Minhou County, Fuzhou City, Fujian Province, People's Republic of China, and approximately RMB12.1 million for payment in relation to Phase 2 construction of the new factory at Economic and Technological Development Zone, Minhou County, Fuzhou City, Fujian Province, People's Republic of China.

## **(ii) Use of Net Proceeds from Placement of 35,000,000 New Ordinary Shares**

The Company has on 25 July 2014 announced the placement of 35,000,000 new ordinary shares in the capital of the Company at S\$0.16185 per new ordinary share. The said 35,000,000 new ordinary shares were allotted and issued by the Company on 18 August 2014.

The net proceeds arising from the placement of 35,000,000 new ordinary shares is approximately S\$5.62 million (equivalent to RMB27.93 million). The entire net proceeds have been earmarked for general working capital purpose including business expansion, acquisitions, investments, joint ventures and/or other collaborations as and when good business opportunities arise.

The Company will make periodic announcements on the usage of the net proceeds as and when such proceeds are materially disbursed and whether the disbursements are in accordance with intended use of proceeds.



# Corporate Social Responsibility

Corporate Social Responsibility (the “CSR”) plays an essential role in the long-term success of our business. It is important that we align our interests with that of the communities in which we operate in order to gain the support of the local communities and government agencies. We believe that our initiatives and emphasis on returning to the communities and looking after the welfare of our staff have translated into goodwill for our Group, contributing to high employee retention rate and positive staff morale.

## Environmental Policy

We share our customers' commitment to the protection of our environment and we believe in the importance of caring for our planet and encouraging others to play their part. Being one of the leading companies involving in agricultural business, we recognize our obligation and commitment to create a better living environment for our current and next generation.

## Commitment to Sustainable Development

Our Directors recognise the importance of being a responsible steward of the land we manage. With this objective, the Company has established a CSR policy which includes the review of the following areas of the Group's activities:

- (a) to review and recommend the Group's policy with regards to CSR issues;
- (b) to review the Group's environmental policies and practices;
- (c) to review the social impact of the Group's business practices in the communities that the Group operates in;
- (d) to review and recommend policies and practices with regard to key stakeholders (employees, business partners, customers, suppliers,); and
- (e) to review and recommend policies and practices with regard to regulators.

## Core Values of the CSR Framework

The Company aims to be recognised as an organisation that is transparent and ethical in all its dealings as well as making a positive contribution to the communities in which it operates. We are committed to being a deeply responsible company in the communities with the following core values in all aspects of the work, including the fulfilment of the social responsibilities, toward achieving sustainable development:

- Clear direction, strong leadership and open communication;
- Customer focus;
- Equality, fairness and transparency;
- Development of positive working relationships with others; and
- Respect for people.

## Toward Sustainability Strategies

The Company will seek to achieve corporate and social objectives by focusing on four strategic areas:

**Good Relations** - adopting an employee relations strategy to enhance management and employee interactions and to promote work-life balance and health among employees.

**Community Impact** - encouraging staff to be involved in projects in support of the wider community.

**Fair Trade** - providing farmers decent working conditions and fair terms of trade for farmers so as to maintain local sustainability.

**Environment** - developing environmental management practices that minimise adverse impact on the environment.

We remain continually committed with the CSR, which is being integral to the Group's overall business strategies and operations, and benefits delivered to the Company and its stakeholders, including employees, business partners, customers, suppliers, shareholders, community members and others.

# Report of the Directors

The Directors of the Company present their report to the members together with the audited financial statements of Yamada Green Resources Limited (the “Company”) and its subsidiaries (the “Group”) for the financial year ended 30 June 2014 and the statement of financial position of the Company as at 30 June 2014.

## 1. Directors

The Directors of the Company in office at the date of this report are as follows:

Mr Chen Qiuhai  
Mr Lin Weibin (Appointed on 3 June 2014)  
Mr Chua Ser Miang  
Mr Chang Feng-chang  
Mr Goi Kok Neng  
Professor Tan Cheng Han

## 2. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for performance shares granted under the Yamada Green Resources Performance Share Plan as disclosed below.

## 3. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50 (the “Act”), none of the Directors of the Company who held office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations except as detailed below:

Name of Directors and companies in which interests are held	Shareholdings in which Director is deemed to have an interest		
	Balance as at 1.7.2013	Balance as at 30.6.2014	Balance as at 21.7.2014
<b><u>Company</u></b>			
<b><i>Yamada Green Resources Limited</i></b>	<b>Number of ordinary shares</b>		
Chen Qiuhai	236,618,023 <sup>(1)</sup>	195,736,718 <sup>(1)</sup>	195,936,718 <sup>(1)</sup>
Chang Feng-chang	400,000 <sup>(2)</sup>	600,000 <sup>(2)</sup>	600,000 <sup>(2)</sup>

<sup>(1)</sup> Chen Qiuhai is deemed to be interested in the number of shares in the Company held by Sanwang International Holdings Limited through its nominee, UOB Kay Hian Pte Ltd.

<sup>(2)</sup> Chang Feng-chang is deemed interested in the number of shares in the Company held by Kingsley Capital International Pte. Ltd., which is wholly-owned by him.

By virtue of Section 7 of the Act, Chen Qiuhai is deemed to have an interest in all subsidiaries of the Company.

## 4. Directors' contractual benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

# Report of the Directors

## 5. Share options and performance shares

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

The Company has adopted a share incentive scheme, Yamada Green Resources Share Option Scheme (the "Scheme") and a performance incentive scheme, Yamada Green Resources Performance Share Plan (the "Plan"). The Scheme and the Plan, collectively known as the Schemes, were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 29 April 2011. The Schemes are administered by the Company's Remuneration Committee, comprising of Mr Chang Feng-chang, Mr Chua Ser Miang and Professor Tan Cheng Han.

The Plan awards fully-paid ordinary shares in the capital of the Company, their equivalent cash value or combination thereof will be granted, free of payment to eligible group employees and group executive directors. Awards of performance shares are granted conditional that certain prescribed performance targets are satisfied within a prescribed performance period. The performance period in which the performance targets are to be met is the period from 1 July 2011 to 30 June 2014. A specified number of performance shares shall be released to the participants over three years from the date of grant to 31 December 2014.

The participants should be with the Group for at least 12 months as at the date of granting the performance shares to receive the performance shares. The entitlement will be forfeited if the participant leaves the Company during the vesting period.

Shares allotted and issued on the award of the Plan shall be subjected to all the provisions of the Articles of Association of the Company, and shall rank pari passu in all respects with the existing issued ordinary shares. Participants are not required to pay for the awards.

The aggregate number of shares to be issued pursuant to the Schemes shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

The awards granted under the Plan are as follows:

Name of participant	Conditional awards granted during the financial year ended 30.6.2014 ('000)	Awards released during the financial year ended 30.6.2014 ('000)	Aggregate conditional awards granted since commencement of the Plan to 30.6.2014 ('000)	Aggregate awards released since commencement of the Plan to 30.6.2014 ('000)
Group Executives	0	6,600	0 – 22,000	15,070

# Report of the Directors

## 6. Audit committee

The Audit Committee of the Company, consisting all Non-Executive Directors, is chaired by Mr Chua Ser Miang, Lead Independent Director, and includes Mr Chang Feng-chang, Independent Director and Professor Tan Cheng Han, Non-Executive Director. The Audit Committee has met five times since the previous financial year to the date of this report and has reviewed the following, where relevant, with the Executive Directors and external and internal auditors of the Company:

- (a) the audit plans and results of the external and internal auditors examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Group's financial and operating results and accounting policies;
- (c) the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and external auditor's report on those financial statements;
- (d) the quarterly and annual announcements as well as the related press releases on the results and financial position of the Group and the Company;
- (e) the co-operation and assistance given by the management to the Company's external and internal auditors;
- (f) the interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders; and
- (g) the re-appointment of the external auditor of the Company.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officers to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

## 7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

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**Chen Qiu Hai**  
Director

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**Lin Weibin**  
Director

26 September 2014



# Statement by the Directors

In the opinion of the Board of Directors,

- (a) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; 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.

On behalf of the Board of Directors

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**Chen Qiuhai**  
Director

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**Lin Weibin**  
Director

26 September 2014

# Independent Auditor's Report

To the Members of Yamada Green Resources Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Yamada Green Resources Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 43 to 85, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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 Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

## 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.

### **BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore  
26 September 2014

# Consolidated Statement Of Comprehensive Income

For the financial year ended 30 June 2014

	Note	Group	
		2014 RMB'000	2013 RMB'000
<b>Revenue</b>	4	611,422	509,170
Cost of sales		(464,554)	(395,922)
Gross profit		146,868	113,248
<b>Other items of income</b>			
Interest income from banks		84	57
Other income	5	3,064	5,104
Gain from changes in fair value of biological assets	12	13,037	2,396
<b>Other items of expense</b>			
Selling and distribution expenses		(6,065)	(7,448)
Administrative expenses		(28,702)	(22,849)
Other expenses		(10,715)	(13,166)
Finance cost	6	(1,610)	(28)
Profit before income tax	7	115,961	77,314
Income tax expense	9	(13,371)	(8,124)
Profit for the financial year, representing total comprehensive income for the financial year		102,590	69,190
<b>Profit attributable to:</b>			
Owners of the parent		102,590	69,190
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		102,590	69,190
<b>Earnings per share (RMB cents)</b>	10		
- Basic		20.5	15.7
- Diluted		20.1	15.2

The accompanying notes form an integral part of these financial statements.

# Statements of Financial Position

As at 30 June 2014

	Note	Group		Company	
		2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
<b>Non-current assets</b>					
Property, plant and equipment	11	104,368	54,157	10	3
Biological assets	12	158,714	166,866	–	–
Land use rights	13	98,104	100,741	–	–
Investments in subsidiaries	14	–	–	117,266	117,266
Prepayments	15	138,745	72,895	–	–
Deferred tax assets	16	1,918	1,847	–	–
<b>Total non-current assets</b>		<u>501,849</u>	<u>396,506</u>	<u>117,276</u>	<u>117,269</u>
<b>Current assets</b>					
Biological assets	12	23,750	32,186	–	–
Inventories	17	13,671	16,325	–	–
Trade and other receivables	18	266,591	228,123	83,100	72,310
Current income tax recoverable		831	–	–	–
Cash and bank balances	19	21,591	21,108	3,403	10,692
<b>Total current assets</b>		<u>326,434</u>	<u>297,742</u>	<u>86,503</u>	<u>83,002</u>
Less:					
<b>Current liabilities</b>					
Trade and other payables	20	21,975	19,740	921	1,172
Borrowings	21	30,000	–	–	–
Current income tax payable		6,543	3,849	767	–
<b>Total current liabilities</b>		<u>58,518</u>	<u>23,589</u>	<u>1,688</u>	<u>1,172</u>
<b>Net current assets</b>		<u>267,916</u>	<u>274,153</u>	<u>84,815</u>	<u>81,830</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	16	<u>(3,711)</u>	<u>(3,711)</u>	<u>–</u>	<u>–</u>
<b>Net assets</b>		<u><u>766,054</u></u>	<u><u>666,948</u></u>	<u><u>202,091</u></u>	<u><u>199,099</u></u>
<b>Equity</b>					
Share capital	22	190,471	186,092	190,471	186,092
Share-based payment reserve	23	4,995	6,395	4,995	6,395
Statutory reserve	24	59,306	55,141	–	–
Foreign currency translation account	25	–	–	–	–
Accumulated profits		511,282	419,320	6,625	6,612
<b>Total equity attributable to owners of the parent</b>		<u><u>766,054</u></u>	<u><u>666,948</u></u>	<u><u>202,091</u></u>	<u><u>199,099</u></u>

The accompanying notes form an integral part of these financial statements.



# Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2014

Group	Attributable to owners of the parent				
	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000	Total equity RMB'000
Balance as at 1.7.2013	186,092	6,395	55,141	419,320	666,948
Profit for the financial year, representing total comprehensive income for the financial year	—	—	—	102,590	102,590
<b>Contributions by and distributions to owners of the parent</b>					
Dividends (Note 26)	—	—	—	(6,463)	(6,463)
Issue of ordinary shares (Note 22)	4,379	(4,379)	—	—	—
Share-based payments	—	2,979	—	—	2,979
Transfer to statutory reserve	—	—	4,165	(4,165)	—
<b>Total contributions by and distributions to owners of the parent</b>	4,379	(1,400)	4,165	(10,628)	(3,484)
Balance as at 30.6.2014	190,471	4,995	59,306	511,282	766,054

Group	Attributable to owners of the parent					
	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation (account)/ reserve RMB'000	Accumulated profits RMB'000	Total equity RMB'000
Balance as at 1.7.2012	138,692	6,632	47,988	(1,143)	354,123	546,292
Effects on change of functional currency (Note 2.1, Note 25)	(4,242)	(61)	—	1,143	3,160	—
Profit for the financial year, representing total comprehensive income for the financial year	—	—	—	—	69,190	69,190
<b><u>Contributions by and distributions to owners of the parent</u></b>						
Issue of placement shares (Note 22)	48,779	—	—	—	—	48,779
Share issue expenses (Note 22)	(1,692)	—	—	—	—	(1,692)
Issue of ordinary shares (Note 22)	4,555	(4,555)	—	—	—	—
Share-based payments	—	4,379	—	—	—	4,379
Transfer to statutory reserve	—	—	7,153	—	(7,153)	—
<b>Total contributions by and distributions to owners of the parent</b>	51,642	(176)	7,153	—	(7,153)	51,466
Balance as at 30.6.2013	186,092	6,395	55,141	—	419,320	666,948

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Cash Flows

For the financial year ended 30 June 2014

	Group	
	2014 RMB'000	2013 RMB'000
<b>Cash flows from operating activities</b>		
Profit before income tax	115,961	77,314
Adjustments for:		
Amortisation of biological assets	252,578	234,546
Amortisation of land use rights	2,772	2,485
Amortisation of prepayments	18,125	16,216
Depreciation of property, plant and equipment	8,180	6,891
Interest expense	1,610	28
Interest income	(84)	(57)
Gain from changes in fair value of biological assets	(13,037)	(2,396)
Gain on disposal of biological assets	(617)	–
Gain on disposal of property, plant and equipment	–	(56)
Plant and equipment written off	3	–
Share-based payment expenses	2,979	4,379
Operating cash flows before working capital changes	388,470	339,350
Working capital changes:		
Biological assets	(226,616)	(242,180)
Inventories	2,654	(1,189)
Trade and other receivables	(33,501)	(39,624)
Trade and other payables	2,235	65
Cash generated from operations	133,242	56,422
Interest received	84	57
Income taxes paid	(11,579)	(8,377)
Net cash from operating activities	121,747	48,102
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	–	56
Proceeds from disposal of biological assets	4,280	–
Purchase of property, plant and equipment	(58,394)	(25,831)
Additions to land use rights	(135)	(23,001)
Prepayments	(88,942)	(39,557)
Net cash used in investing activities	(143,191)	(88,333)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of placement shares	–	48,779
Expenses related to issuance of placement shares	–	(1,692)
Proceeds from bank loan	30,000	10,000
Repayment of loan	–	(10,000)
Interest paid	(1,610)	(28)
Dividends paid	(6,463)	–
Net cash from financing activities	21,927	47,059
Net change in cash and bank balances	483	6,828
Cash and bank balances as at the beginning of the financial year	21,108	14,280
Cash and bank balances as at the end of the financial year (Note 19)	21,591	21,108

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

These notes form an integral part of and should be read in conjunction with the financial statements.

## 1. General corporate information

Yamada Green Resources Limited (the “Company”) (Registration Number: 201002962E) is a public company limited by shares, incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company does not have a place of business in Singapore as its principal activities are those of investment holding company. The registered office of the Company is at 7 Temasek Boulevard, #43-03 Suntec Tower One, Singapore 038987.

The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

The consolidated financial statements of the Company and its subsidiaries (the “Group”) and the statement of financial position of the Company for the financial year ended 30 June 2014 were authorised for issue by the Board of Directors on 26 September 2014.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards (“FRS”) including related Interpretations of FRS (“INT FRS”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Chinese renminbi (“RMB”) which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand (“RMB’000”) as indicated, unless otherwise stated.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Company’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised FRS and INT FRS does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior financial years, except as detailed below.

#### *FRS 113 - Fair Value Measurement*

FRS 113 provides a single source of guidance on fair value measurement and fair value disclosure requirements when fair value measurement and/or disclosure is required by other FRSs. It also provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity’s own equity instruments within its scope.

The adoption of FRS 113 does not have any material impact on any of the Group’s fair value measurements, therefore there has been no material impact on the financial position or financial performance of the Group. The Group has included the additional required disclosures in the financial statements. In line with the transitional requirements, FRS 113 has been adopted prospectively from 1 July 2013 and therefore comparative information has not been presented for the new disclosure requirements.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 2. Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation of financial statements (Continued)

#### FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 19 (Amendments)	: Defined Benefit Plans: Employee Contributions	1 January 2014
FRS 27 (Revised)	: Separate financial statements	1 January 2014
FRS 28 (Revised)	: Investments in associates and joint ventures	1 January 2014
FRS 32 (Amendments)	: Offsetting financial assets and financial liabilities	1 January 2014
FRS 36 (Amendments)	: Recoverable amount disclosures for non-financial assets	1 January 2014
FRS 39 (Amendments)	: Novation of OTC derivatives and continuing designation for hedge accounting	1 January 2014
FRS 110	: Consolidated financial statements	1 January 2014
FRS 111	: Joint arrangements	1 January 2014
FRS 112	: Disclosure of interests in other entities	1 January 2014
FRS 110, FRS 112 and FRS 27 (Amendments)	: Investment entities	1 January 2014
FRS 114	: Regulatory Deferral Accounts	1 January 2016
INT FRS 121	: Levies	1 January 2014
Improvement to FRSs 2014		1 July 2014

Consequential amendments were also made to various standards as a result of these new or revised standards.

Except as disclosed below, management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

#### *FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 Consolidation – Special Purpose Entities. FRS 110 defines the principle of control and establishes control as the basis of determining which entities are consolidated in the consolidated financial statements. FRS 27 remains as a standard applicable only to separate financial statements. On adoption of FRS 110 management will be required to exercise more judgement than under the current requirements of FRS 27 in order to determine which entities are controlled by the Group. These changes will take effect from the financial year beginning on 1 July 2014 with full retrospective application.

The Group is currently evaluating the effect and anticipates that no material impact to the financial position and financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 July 2014.

#### *FRS 112 Disclosure of Interests in Other Entities*

FRS 112 is a new standard which prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to provide more extensive disclosures regarding the nature of any risks associated with its interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. As this is a disclosure standard, there will be no impact on the financial position or financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 July 2014.



# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 2. Summary of significant accounting policies (Continued)

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the assets concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

#### Acquisition under common control

Business combination arising from transfer of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholders' financial statements. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and the share capital of the subsidiary acquired is reflected within equity as merger reserve.

Investments in subsidiaries are carried at cost less any accumulated impairment losses that have been recognised in profit or loss.

### 2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

#### Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Normally these criteria are met when the goods are delivered to and accepted by the buyer.

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### Commission income

Commission income is recognised on an accrual basis.

### 2.4 Retirement benefit costs

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Singapore Central Provident Fund and the social security contribution plan in People's Republic of China ("PRC") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 2. Summary of significant accounting policies (Continued)

### 2.4 Retirement benefit costs (Continued)

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

### 2.5 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

### 2.6 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the financial year.

### 2.7 Share-based payments

The fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

### 2.8 Operating leases

#### Prepaid leases

The Group leases farmland and bamboo plantations under operating leases and the leases run for a period of 14 to 20 years and 10 to 15 years respectively. The upfront lump-sum payments made under the leases are amortised to profit or loss on a straight-line method over the term of the leases. The amortisation amount of prepaid lease of farmland and bamboo plantations are included in cost of sales and other expenses line of the consolidated statement of comprehensive income respectively.

#### Other operating leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### 2.9 Taxes

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

#### Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and 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 financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 2. Summary of significant accounting policies (Continued)

### 2.9 Taxes (Continued)

#### Deferred tax

Deferred tax is recognised on all temporary 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, and is accounted for using the balance sheet liability method. 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, 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

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.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

#### Sales tax

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

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of 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 sales tax included.

### 2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 2. Summary of significant accounting policies (Continued)

### 2.11 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

### 2.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that the future economic benefits, in excess of the standard of performance of the property, plant and equipment 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.

Depreciation is charged so as to write off the depreciable amount of the assets, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Buildings	20
Motor vehicles	10
Office equipment	5
Plant & machinery	10
Fixtures & fittings	5 – 10
Farm equipment & fixtures	3 – 5

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 2. Summary of significant accounting policies (Continued)

### 2.13 Biological assets

#### Synthetic logs (including mycelia)

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

#### Eucalyptus trees and moso bamboos in plantation forest

Eucalyptus trees and moso bamboos in plantation forest are classified as biological assets and stated at fair value less estimated point-of-sale costs.

Gains or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and from the change in fair value less estimated point-of-sale costs of plantations at the end of each financial year are included in profit or loss in the financial year in which they arise.

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

### 2.14 Land use rights

Land use rights are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of land use rights is calculated on a straight-line method to write off the cost of the land use rights over the lease terms of 25 to 51.8 years.

### 2.15 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.



# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 2. Summary of significant accounting policies (Continued)

### 2.17 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

#### Financial assets

Financial assets are initially measured at fair value, plus transaction costs.

The Group classifies its financial assets as loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

#### Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables (other than prepayments and advances to suppliers) and cash and bank balances.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 2. Summary of significant accounting policies (Continued)

### 2.17 Financial instruments (Continued)

#### Financial liabilities and equity instruments

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

#### Financial liabilities

Financial liabilities are classified as other financial liabilities.

##### *Other financial liabilities*

##### Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

##### Borrowings

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

### 2.18 Cash and bank balances

Cash and bank balances comprise cash on hand and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

### 2.19 Segment reporting

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.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3.1 Critical judgements made in applying the entity's accounting policies

In the process of applying Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

#### Impairment of investments in subsidiaries and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining when an investment in subsidiary or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment in subsidiary or a financial asset is less than its cost and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

### 3.2 Key sources of estimation uncertainty

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

#### (i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line method over their estimated useful lives after taking into account their estimated residual values. The management estimates the useful lives of the property, plant and equipment to be within 3 to 20 years. The residual value reflects management's estimated amount that the Group would obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. The carrying amounts of the Group's and the Company's property, plant and equipment as at 30 June 2014 were approximately RMB104,368,000 (2013: RMB54,157,000) and RMB10,000 (2013: RMB3,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the property, plant and equipment, therefore, future depreciation charges could be revised.

#### (ii) Allowance for impairment of trade and other receivables

The policy for impairment of receivables of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables (excluding prepayments) as at 30 June 2014 were approximately RMB225,391,000 (2013: RMB188,510,000) and RMB83,091,000 (2013: RMB72,276,000) respectively.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

#### (iii) Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes 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 positions in the year in which such determination is made. The carrying amount of the Group's current income tax payable as at 30 June 2014 was approximately RMB6,543,000 (2013: RMB3,849,000). The carrying amount of the Group's deferred tax assets and current income tax recoverable as at 30 June 2014 was RMB1,918,000 (2013: RMB1,847,000) and RMB831,000 (2013: Nil) respectively.

#### (iv) Withholding tax on undistributed earnings

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 2014 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 2014 was approximately RMB3,711,000 (2013: RMB3,711,000).

#### (v) Biological assets (eucalyptus trees and moso bamboos)

Eucalyptus trees and moso bamboos in plantation forest included in the Group's biological assets are stated at fair value less estimated point-of-sale costs. The fair value of these biological assets is determined based on the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate. The fair value of the biological assets is determined by an independent valuation firm. Changes in conditions of the biological assets could impact the fair value of the assets. The carrying amount of the Group's biological assets (eucalyptus trees and moso bamboos) as at 30 June 2014 was approximately RMB158,714,000 (2013: RMB166,866,000). The independent valuation firm used highly subjective assumptions and estimates to determine the valuation of the biological assets. These assumptions and estimates involve inherent uncertainties and the application of judgements. As a result, if factors change and this independent valuation firm uses different assumptions and estimates, the fair value of the biological assets could be materially different. The valuations are based on information available on initial recognition and at each reporting date.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 4. Revenue

	Group	
	2014 RMB'000	2013 RMB'000
Self-cultivated		
- edible fungi	401,950	354,819
- bamboo trees and bamboo shoots	13,052	–
- eucalyptus trees	4,280	–
Processed food products	192,140	154,351
	<u>611,422</u>	<u>509,170</u>

## 5. Other income

	Group	
	2014 RMB'000	2013 RMB'000
Commission income	–	4,200
Gain on disposal of property, plant and equipment	–	56
Government subsidies	564	684
Miscellaneous income	2,500	164
	<u>3,064</u>	<u>5,104</u>

Government subsidies relate to subsidies for the subsidiary's research and development projects, received from government-related agencies in support of agricultural activities in PRC. There are no unfulfilled conditions or contingencies attached to these grants.

## 6. Finance cost

	Group	
	2014 RMB'000	2013 RMB'000
Interest expenses on bank loan	<u>1,610</u>	<u>28</u>



# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 7. Profit before income tax

The above is arrived at after charging:

	Group	
	2014	2013
	RMB'000	RMB'000
<u>Cost of sales</u>		
Cost of inventories recognised as an expense	464,554	395,922
Included in the above are:		
Amortisation of biological assets	252,578	234,546
Amortisation of prepaid lease of farmland	3,390	3,396
Amortisation of bamboo plantation	1,977	–
Cost on raw material and packaging material	114,412	93,220
Depreciation of property, plant and equipment	5,134	4,963
Operating lease expenses - warehouse	119	12
<u>Selling and distribution expenses</u>		
Amortisation of prepaid other operating expenses	2,401	2,401
Carriage outwards	350	368
Freight charges	767	510
<u>Administrative expenses</u>		
Amortisation of prepaid lease of farmland	75	67
Amortisation of land use rights	2,772	2,485
Audit fees		
- auditor of the Company	596	673
- other auditors	376	482
Non-audit fees		
- auditor of the Company	11	12
Depreciation of property, plant and equipment	3,046	1,928
Operating lease expenses – office premises	11	75
Research expenses	2,519	301
<u>Other expenses</u>		
Amortisation of bamboo plantations	3,293	989
Amortisation of prepaid maintenance cost	6,989	9,363
Foreign exchange loss, net	427	2,809
Plant and equipment written off	3	–

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 8. Employee benefits expense

	Group	
	2014 RMB'000	2013 RMB'000
Salaries and related costs	17,472	17,258
Contributions to defined contribution plans	4,049	3,781
Share-based payment expenses	2,979	4,379
	<u>24,500</u>	<u>25,418</u>

The above is allocated to the following lines of the consolidated statement of comprehensive income:

	Group	
	2014 RMB'000	2013 RMB'000
Cost of sales	9,952	9,223
Selling and distribution expenses	2,517	3,841
Administrative expenses	12,031	12,354
	<u>24,500</u>	<u>25,418</u>

These expenses include the amounts shown as key management personnel remuneration in Note 28 to the financial statements.

## 9. Income tax expense

	Group	
	2014 RMB'000	2013 RMB'000
Current income tax		
- current financial year	12,566	9,842
- underprovision in prior financial years	876	—
	<u>13,442</u>	<u>9,842</u>
Deferred tax		
- current financial year	(71)	(1,718)
Total income tax expense recognised in profit or loss	<u>13,371</u>	<u>8,124</u>

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 9. Income tax expense (Continued)

### Reconciliation of effective tax rate

The income tax expense varied from the amount of income tax expense determined by applying the PRC income tax rate of 25% (2013: 25%) to profit before income tax as a result of the following differences:

	Group	
	2014	2013
	RMB'000	RMB'000
Profit before income tax	115,961	77,314
Income tax calculated at the applicable tax rate in PRC where the Group's taxable income is mainly derived	28,990	19,328
Tax effect of expenses not deductible for tax purposes	79,901	878
Tax effect of income not subject to tax	(97,103)	(12,072)
Withholding tax on unremitted earnings of subsidiaries	1,599	129
Underprovision in prior financial years current income tax	45	–
Tax exemption	–	(133)
Others	(61)	(6)
	13,371	8,124

### 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 ("EIT Law").

- (a) Fuzhou Wangcheng Foods Development Co., Ltd ("Wangcheng")

In accordance with the EIT Law, the income tax rate applicable to Wangcheng is 25%.

- (b) Nanping Yuanwang Foods Co., Ltd ("Yuanwang")

Yuanwang enjoyed full exemption for the initial two years and a 50% reduction for the next three years. The two years' tax exemption period for Yuanwang had expired on 31 December 2009 and the 50% reduction had expired on December 2012. From January 2013, in accordance with the EIT Law, the income tax rate applicable to Yuanwang is 25%.

- (c) Zhangping Fengwang Agricultural Products Co., Ltd ("Fengwang")

Fengwang, according to the approval issued by Zhangping State Tax Bureau dated 9 March 2012, has obtained full tax exemption for income tax from Fujian tax authority for income derived from cultivation, preliminary processing of agricultural products up to 31 December 2027.

- (d) Zhangping Senwang Forestry Management Co., Ltd ("Senwang")

Senwang, according to the approval issued by Zhangping State Tax Bureau dated 12 April 2012, has obtained full tax exemption for income tax from Fujian tax authority for income derived from cultivation of agricultural products up to 31 May 2031.

- (e) Fuzhou Kangzhimei Foods Co., Ltd ("Kangzhimei")

In accordance with the EIT Law, the income tax rate applicable to Kangzhimei is 25%.

- (f) Nanping LiJiashan Forestry Co., Ltd. ("LiJiashan")

LiJiashan, according to the approval issued by Nanping State Tax Bureau dated 5 May 2014, has obtained full tax exemption for income tax from Pucheng tax authority for income derived from cultivation of agricultural products up to 31 December 2014.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 10. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the parent is based on the following:

	Group	
	2014 RMB'000	2013 RMB'000
Profit for the financial year attributable to owners of the parent	102,590	69,190
Weighted average (2013: weighted average) number of ordinary shares for calculation of basic earnings per share	500,327,174	440,995,842
Adjustment for dilutive effect of the Yamada Green Resources Performance Share Plan (the "Plan")	9,397,500	15,330,000
Weighted average number of ordinary shares for calculation of diluted earnings per share	509,724,674	456,325,842
Earnings per share (RMB cents)		
- Basic	20.5	15.7
- Diluted	20.1	15.2

Basic earnings per share was computed based on the weighted average number of ordinary shares in issue of 500,327,174 (2013: 440,995,842). The weighted average number of ordinary shares represents the number of ordinary shares as at the beginning of the financial year, adjusted for new ordinary shares issued during the financial year, multiplied by a time-weighted factor.

Diluted earnings per share was computed based on the weighted average number of ordinary shares, adjusted for the effects of all potential dilutive ordinary shares granted by the Group.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 11. Property, plant and equipment

Group	Buildings RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Plant & machinery RMB'000	Fixtures & fittings RMB'000	Farm equipment & fixtures RMB'000	Construction -in-progress RMB'000	Total RMB'000
<b>Cost</b>								
Balance as at 1.7.2013	30,977	2,125	933	18,758	83	14,024	13,588	80,488
Additions	29,116	–	213	1,128	7	1,203	26,727	58,394
Written off	–	(63)	(16)	–	–	(861)	–	(940)
Balance as at 30.6.2014	60,093	2,062	1,130	19,886	90	14,366	40,315	137,942
<b>Accumulated depreciation</b>								
Balance as at 1.7.2013	5,985	1,828	578	10,399	19	7,522	–	26,331
Depreciation for the financial year	1,793	71	116	1,590	8	4,602	–	8,180
Written off	–	(60)	(16)	–	–	(861)	–	(937)
Balance as at 30.6.2014	7,778	1,839	678	11,989	27	11,263	–	33,574
<b>Carrying amount</b>								
Balance as at 30.6.2014	52,315	223	452	7,897	63	3,103	40,315	104,368
<b>Cost</b>								
Balance as at 1.7.2012	12,835	2,123	784	16,922	21	13,507	9,580	55,772
Additions	18,142	2	149	1,836	62	1,632	4,008	25,831
Disposals	–	–	–	–	–	(1,115)	–	(1,115)
Balance as at 30.6.2013	30,977	2,125	933	18,758	83	14,024	13,588	80,488
<b>Accumulated depreciation</b>								
Balance as at 1.7.2012	5,107	1,756	496	9,001	14	4,181	–	20,555
Depreciation for the financial year	878	72	82	1,398	5	4,456	–	6,891
Disposals	–	–	–	–	–	(1,115)	–	(1,115)
Balance as at 30.6.2013	5,985	1,828	578	10,399	19	7,522	–	26,331
<b>Carrying amount</b>								
Balance as at 30.6.2013	24,992	297	355	8,359	64	6,502	13,588	54,157



# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 11. Property, plant and equipment (Continued)

Company	Office equipment RMB'000
<b>Cost</b>	
Balance as at 1.7.2013	15
Additions	11
Written off	(11)
Balance as at 30.6.2014	15
<b>Accumulated depreciation</b>	
Balance as at 1.7.2013	12
Depreciation	4
Written off	(11)
Balance as at 30.6.2014	5
<b>Carrying amount</b>	
Balance as at 30.6.2014	10
<b>Cost</b>	
Balance as at 1.7.2012 and 30.6.2013	15
<b>Accumulated depreciation</b>	
Balance as at 1.7.2012	8
Depreciation for the financial year	4
Balance as at 30.6.2013	12
<b>Carrying amount</b>	
Balance as at 30.6.2013	3

As at the end of the financial year, the Group's buildings amounted to RMB43,962,000 were pledged for bank borrowings as set out in Note 21.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 12. Biological assets

Biological assets comprise eucalyptus trees, moso bamboos in plantation forests and synthetic logs. Eucalyptus trees and moso bamboos are separated from land on which these assets are located. Due to the uniqueness of the synthetic logs and as an active market does not exist for these synthetic logs, these have been stated at cost less accumulated amortisation and accumulated impairment losses. As the useful life of synthetic logs is less than one year, they are classified as current asset. Movements of the total value were as follows:

	Group	
	2014 RMB'000	2013 RMB'000
<b><u>Current</u></b>		
<u>Synthetic logs</u>		
<b>Cost</b>		
Balance as at the beginning of the financial year	32,186	100
Additions	244,142	266,632
Utilisation	(252,578)	(234,546)
Balance as at the end of the financial year	23,750	32,186
<b>Accumulated amortisation</b>		
Balance as at the beginning of the financial year	–	–
Amortisation for the financial year	252,578	234,546
Utilisation	(252,578)	(234,546)
Balance as at the end of the financial year	–	–
<b>Carrying amount</b>		
Balance as at the end of the financial year	23,750	32,186
<b><u>Non-current</u></b>		
<u>Eucalyptus trees in plantation forest</u>		
<b>Fair value</b>		
Balance as at the beginning of the financial year	153,995	188,922
Utilisation	(17,526)	(24,452)
Disposal	(3,663)	–
Loss from changes in fair value	(11,930)	(10,475)
Balance as at the end of the financial year	120,876	153,995
<u>Moso bamboos in plantation forest</u>		
<b>Fair value</b>		
Balance as at the beginning of the financial year	12,871	–
Gain from changes in fair value	24,967	12,871
Balance as at the end of the financial year	37,838	12,871
<b>Carrying amount</b>		
Balance as at the end of the financial year	158,714	166,866

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 12. Biological assets (Continued)

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

	2014	2013
Quantity of edible fungi (in tonnes)	57,180	53,166
Sales of edible fungi (RMB'000)	401,950	354,819
Quantity of bamboo trees and bamboo shoots (in tonnes)	16,000	–
Sales of bamboo trees and bamboo shoots (RMB'000)	13,052	–
Quantity of eucalyptus trees (in m <sup>3</sup> )	7,782	–
Sales of eucalyptus trees (RMB'000)	4,280	–

### Recurring fair value measurement of the biological assets

Mature eucalyptus trees produce sawdust, which are used to produce synthetic logs. The mature moso bamboos are used to produce bamboo trees, spring bamboo shoots and winter bamboo shoots. The fair value of the Group's biological assets as at 30 June 2014 and 2013 have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification and recent experience in the biological assets being valued. The fair value was determined based on income approach by using the present value of expected net cash flows from the eucalyptus trees and moso bamboos discounted at a current market-determined pre-tax rate. In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use. There has been no change to the valuation technique during the financial year.

Details of the Group's biological assets and information about the fair value hierarchy as at 30 June 2014 are as follows:

Biological assets	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value as at 30 June 2014 RMB'000
Eucalyptus trees	–	–	120,876	120,876
Moso bamboos	–	–	37,838	37,838
	–	–	158,714	158,714

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 12. Biological assets (Continued)

### Moso bamboos in plantation forest

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

Valuation techniques used	Significant unobservable inputs	Range of not easily observed input factors	Inter-relationship between key unobservable inputs and fair value
- Income approach	- Expected moso bamboo cutting plan	- 4.5 years	- The longer the expected moso bamboo cutting plan, the lower the fair value.
	- Estimated bamboo cutting cost	- RMB0/mu	- The higher the bamboo cutting cost, the lower the fair value.
	- Estimated growth rate in cutting cost	- 3%	- The higher the growth rate in bamboo shoots cutting cost, the lower the fair value.
	- Estimated percentage of 5 degree bamboo among bamboo forestry plantation	- 4%/mu to 8%/mu	- The higher the estimated percentage of 5 degree bamboo, the lower the fair value.
	- Estimated average annual merchantable volume for spring bamboo shoots (kg/mu)	- 178.89kg/mu to 218.64kg/mu	- The higher the estimated average annual merchantable volume for spring bamboo shoots, the higher the fair value.
	- Estimated average annual merchantable volume for winter bamboo shoots (kg/mu)	- 25.85kg/mu to 31.58kg/mu	- The higher the estimated average annual merchantable volume for winter bamboo shoots, the higher the fair value.
	- Estimated bamboo forestry production in richer year relative to average production	- 110%	- The higher the bamboo forestry production in richer year relative to average production, the lower the fair value.
	- Estimated bamboo forestry of the normal average production in poorer year	- 90%	- The higher the bamboo forestry of the normal average production in poorer year, the higher the fair value.
- Discounted cash flow calculation	- Growth rate in bamboo shoots unit price	- 2%	- The higher the growth rate in bamboo shoots unit price, the higher the fair value.
	- Discount rate	- 11.21%	- The higher the discount rate, the lower the fair value.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 12. Biological assets (Continued)

### Eucalyptus trees

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

Valuation techniques used	Significant unobservable inputs	Range of not easily observed input factors	Inter-relationship between key unobservable inputs and fair value
- Income approach	- Expected eucalyptus cutting plan	- 5.5 years	- The longer the expected eucalyptus cutting plan, the lower the fair value.
	- Cultivation cost on eucalyptus trees per mu	- RMB20/mu	- The higher the cultivation cost on eucalyptus trees, the lower the fair value.
	- Transportation cost on eucalyptus trees	- RMB80/100km/m <sup>3</sup>	- The higher the transportation cost on eucalyptus trees, the lower the fair value.
	- Cutting cost on eucalyptus plantation	- RMB100/m <sup>3</sup>	- The higher the cutting cost on eucalyptus plantation, the lower the fair value.
	- Expected eucalyptus reserve (m <sup>3</sup> /mu)	- 7.2m <sup>3</sup> to 22.1m <sup>3</sup>	- The higher the expected eucalyptus reserve, the higher the fair value.
	- Estimated volume ratio for timber/log	- 78%	- The higher the expected eucalyptus volume ratio, the higher the fair value.
	- Estimated volume ratio for fuelwood	- 13%	- The higher the estimated volume ratio for fuelwood, the lower the fair value.
- Discounted cash flow calculation	- Growth rate in eucalyptus timber unit price	- 2%	- The higher the growth rate in eucalyptus timber unit price, the higher the fair value.
	- Discount rate	- 11.21%	- The higher the discount rate, the lower the fair value.

The eucalyptus trees and moso bamboos in plantation forest have not been insured against risks of fire, diseases and other possible risks.



# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 13. Land use rights

	Group	
	2014 RMB'000	2013 RMB'000
<b>Cost</b>		
Balance as at the beginning of the financial year	106,941	83,940
Additions	135	23,001
Balance as at the end of the financial year	107,076	106,941
<b>Accumulated amortisation</b>		
Balance as at the beginning of the financial year	6,200	3,715
Amortisation for the financial year	2,772	2,485
Balance as at the end of the financial year	8,972	6,200
<b>Carrying amount</b>		
Balance as at the end of the financial year	98,104	100,741

The Group has land use rights over the plots of state-owned land in PRC where the Group's PRC operations reside. The land use rights are not transferable and have remaining tenure ranging from 20.5 to 50.8 years (2013: 21.5 to 51.8 years).

As at the end of the financial year, the Group's land use rights amounted to RMB19,380,000 were pledged for bank borrowings as set out in Note 21.

## 14. Investments in subsidiaries

	Company	
	2014 RMB'000	2013 RMB'000
Unquoted investment, at cost	117,266	117,266

The details of the subsidiaries are as follows:

Name of subsidiary (Country of incorporation/ operation)	Principal activities	Cost of investment by the Company		Effective equity interest	
		2014	2013	2014	2013
		RMB'000	RMB'000	%	%
<u>Held by the Company:</u>					
Wangcheng (PRC) <sup>(1)(2)</sup>	Production and sales of processed foods products	103,053	103,053	100	100
Yuanwang (PRC) <sup>(1)(2)</sup>	Production and sales of semi-processed food products	14,213	14,213	100	100
<u>Held by Wangcheng:</u>					
Fengwang (PRC) <sup>(1)(3)</sup>	Cultivation and sales of edible fungi	–	–	100	100
Senwang (PRC) <sup>(1)(3)</sup>	Forestry management	–	–	100	100
Kangzhimei (PRC) <sup>(4)</sup>	Sales of primary agricultural products	–	–	100	100
Feng Zhi Qiu International Holdings Company Limited (“Feng Zhi Qiu”) <sup>(4)</sup>	Sales of processed food products	–	–	100	–

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 14. Investments in subsidiaries (Continued)

Name of subsidiary (Country of incorporation/ operation)	Principal activities	Cost of investment by the Company		Effective equity interest	
		2014	2013	2014	2013
		RMB'000	RMB'000	%	%
<u>Held by Yuanwang:</u>					
LiJiashan (PRC) <sup>(1)</sup>	Forestry management, cultivation and sales of edible fungi and vegetables	–	–	100	100
		117,266	117,266		

- (1) Audited for consolidation purpose by BDO China Shu Lun Pan CPA LLP, a member firm of BDO International Limited.
- (2) The statutory financial statements for the financial year ended 31 December 2013 prepared in accordance with the generally accepted accounting principles in the PRC, were audited by 福建华成会计师事务所有限公司 (Fujian Hua Cheng Certified Public Accountants Co., Ltd) for tax filling and annual registration.
- (3) The statutory financial statements for the financial year ended 31 December 2013 prepared in accordance with generally accepted accounting principles in the PRC, were audited by 厦门楚瀚正中会计师事务所有限公司 (Xiamen Chu Han Zheng Zhong Certified Public Accountants Limited) for tax filling and annual registration.
- (4) The subsidiaries were not considered as significant subsidiaries under Rule 718 of the Listing Manual.

## 15. Prepayments

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid lease of farmland and bamboo plantations	149,044	75,515	–	–
Prepaid maintenance cost	7,531	4,663	–	–
Prepaid other operating expenses	23,370	32,330	9	34
Less : current portion (Note 18)	(41,200)	(39,613)	(9)	(34)
Non-current portion	<u>138,745</u>	<u>72,895</u>	<u>–</u>	<u>–</u>

Prepaid lease represents amounts paid by the Group for advance lease of farmland and bamboo plantations for remaining period of 8 to 12 (2013: 2 to 13) years and 14 (2013: 15) years respectively. The Group prepaid lease of farmland and bamboo plantations are approximately 5,134 mu (2013: 5,220 mu) and 33,845 mu (2013: 11,302 mu).

Prepaid maintenance cost represents amounts paid by the Group for advance maintenance cost of the eucalyptus trees in plantation forest for a period of 1 to 2 (2013: 1 to 2) years.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 16. Deferred tax assets/(liabilities)

### Deferred tax liabilities

	Group	
	2014	2013
	RMB'000	RMB'000
Balance as at the beginning of the financial year	(3,711)	(3,582)
Charged to profit or loss (Note 9)	–	(129)
Balance as at the end of the financial year	<u>(3,711)</u>	<u>(3,711)</u>

Deferred tax liability recognised relates to the aggregate amount of temporary differences associated with undistributed earnings of certain subsidiaries for which is estimated by the management to be distributed in the future.

As at 30 June 2014, the deferred tax liabilities on the withholding and other taxation that would be payable on the undistributed earnings of certain subsidiaries in the PRC amounting to RMB550,509,000 (2013: RMB413,481,000) have not been recognised as the Group is in a position to control the dividend policies of these subsidiaries and it is probable that these earnings will not be distributed in the foreseeable future.

### Deferred tax assets

	Group	
	2014	2013
	RMB'000	RMB'000
Balance as at the beginning of the financial year	1,847	–
Credited to profit or loss (Note 9)	71	1,847
Balance as at the end of the financial year	<u>1,918</u>	<u>1,847</u>

Deferred tax assets represents accrued expenses of the subsidiaries.

## 17. Inventories

	Group	
	2014	2013
	RMB'000	RMB'000
Raw materials	7,637	8,850
Finished goods	5,218	6,412
Packing materials	816	1,063
	<u>13,671</u>	<u>16,325</u>

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 18. Trade and other receivables

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade receivables	16,580	16,862	–	–
Other receivables				
- third parties	36,160	1,176	17	–
- a subsidiary	–	–	83,074	72,276
- a related party	21	–	–	–
Advances to suppliers	152,630	170,472	–	–
Deposit for investment	20,000	–	–	–
Current portion of prepayments (Note 15)	41,200	39,613	9	34
Trade and other receivables	266,591	228,123	83,100	72,310
Add: Cash and bank balances	21,591	21,108	3,403	10,692
Less: Advances to suppliers	(152,630)	(170,472)	–	–
Less: Prepayments	(41,200)	(39,613)	(9)	(34)
Loans and receivables	94,352	39,146	86,494	82,968

Trade receivables are non-interest bearing and generally on 30 to 90 (2013: 30 to 90) days' credit term.

The non-trade amounts due from a subsidiary and a related party are unsecured, non-interest bearing and repayable on demand.

Advances to suppliers relate to advance payments to villages' committees for the purchase of mushroom synthetic logs and advance payments for the purchase of plant and equipment.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Chinese renminbi	254,594	214,741	83,074	72,276
Japanese yen	1,068	1,411	–	–
Singapore dollar	26	34	26	34
United States dollar	10,903	11,937	–	–
	266,591	228,123	83,100	72,310

## 19. Cash and bank balances

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Chinese renminbi	17,834	1,434	49	49
Japanese yen	–	239	–	–
Singapore dollar	3,013	16,378	3,013	10,306
United States dollar	744	3,057	341	337
	21,591	21,108	3,403	10,692

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 20. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,690	8,166	–	–
Other payables	9,920	9,738	–	–
Advances from customers	7,418	–	–	–
Accrued expenses	2,947	1,836	921	1,172
Trade and other payables	21,975	19,740	921	1,172
Less: Advances from customers	(7,418)	–	–	–
Add: Bank borrowings (Note 21)	30,000	–	–	–
Other financial liabilities at amortised cost	44,557	19,740	921	1,172

Trade payables are non-interest bearing and are normally settled between 30 to 90 (2013: 30 to 90) days.

Other payables comprise mainly social insurances and value-added tax.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	21,284	18,568	230	–
Singapore dollar	691	1,172	691	1,172
	21,975	19,740	921	1,172

## 21. Bank borrowings

	Group	
	2014	2013
	RMB'000	RMB'000
<b>Secured bank loans</b>		
Bank loans	30,000	–

The Group's bank loans are secured by:

- (i) legal charges on the Group's buildings (Note 11) and land use rights (Note 13);
- (ii) personal guarantee from the Chief Executive Officer of the Group.

The average effective borrowing rates range from 7.2% to 7.8% per annum and have maturity dates between 1 September 2014 and 28 November 2014.

Management estimates that the carrying amounts of the Group's borrowings approximate their fair values.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 22. Share capital

	Group and Company	
	2014	2013
	RMB'000	RMB'000
<u>Issued and fully-paid</u>		
498,452,175 (2013: 410,935,175) ordinary shares as at the beginning of the financial year	186,092	138,692
Effects on change of functional currency	–	(4,242)
Issuance of 82,187,000 ordinary shares under placement shares, net of transaction cost	–	47,087
Issuance of 3,750,000 (2013: 5,330,000) ordinary shares under the Plan	4,379	4,555
502,202,175 (2013: 498,452,175) ordinary shares as at the end of the financial year	<u>190,471</u>	<u>186,092</u>

The issued and paid up capital of S\$38,246,574 (2013: S\$37,415,401) is equivalent to approximately RMB190,471,000 (2013: RMB186,092,000).

The Company has one class of ordinary shares which carry no right to fixed income.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

On 8 March 2013, the Company issued 82,187,000 ordinary shares under placement share for a consideration of RMB48,779,000 (equivalent to S\$9,780,253), less transaction costs of RMB1,692,000 (equivalent to S\$339,469).

During the financial year, the Company issued 3,750,000 (2013: 5,330,000) ordinary shares at RMB1.17 (2013: RMB0.85) per share, as partial satisfaction of the performance shares vested as disclosed in Note 23 to the financial statements.

## 23. Share-based payment reserve

This share-based payment reserve comprises the following:

- (i) ordinary shares transferred by Sanwang International Holdings Limited ("Sanwang"), former ultimate holding company, to a key management personnel in accordance to the employment agreement with the Company; and
- (ii) equity-settled performance shares granted to eligible group employees and group executive directors. Awards of performance shares are granted conditional that certain prescribed performance targets are satisfied within a prescribed performance period. The performance period in which the performance targets are to be met is the period from 1 July 2011 to 30 June 2014. A specified number of performance shares shall be released to the participants over three years from the date of grant to 31 December 2014. The participants should be with the Group for at least 12 months as at the date of granting the performance shares to receive the performance shares. The entitlement will be forfeited if the participant leaves the Group during the vesting period.



# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 23. Share-based payment reserve (Continued)

Details of the performance shares outstanding during the financial year are as follows:

	Group and Company	
	2014	2013
	('000)	('000)
Outstanding at the beginning of the financial year	7,830	15,330
Granted during the year	–	–
Vested during the year	(3,465)	(3,750)
Forfeited during the year	(4,365)	(3,750)
Outstanding at the end of the financial year	<u>–</u>	<u>7,830</u>

The fair value of the performance shares was measured at the weighted average quoted market price at the date the shares vest. The amount was recognised as share-based payment expenses in “administrative expenses” line item of profit or loss.

## 24. Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in PRC, the subsidiaries are required to make appropriation to a Statutory Reserve Fund (“SRF”). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries’ registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

	Group	
	2014	2013
	RMB'000	RMB'000
Balance as at the beginning of the financial year	55,141	47,988
Transferred from accumulated profits	4,165	7,153
Balance as at the end of the financial year	<u>59,306</u>	<u>55,141</u>

## 25. Foreign currency translation account

In the previous financial year, the foreign currency translation account pertained to exchange differences arising from the translation of the financial statements of the Company, whose functional currency was Singapore dollar, to the Group’s presentation currency of RMB and was non-distributable.

## 26. Dividends

	Group and Company	
	2014	2013
	RMB'000	RMB'000
First and final tax-exempt dividend of RMB0.013 per ordinary share in respect of financial year ended 30 June 2013	<u>6,463</u>	<u>–</u>

The Board of Directors of the Company recommend a first and final tax-exempt dividend of approximately RMB0.012 per ordinary share amounting to RMB6,026,000 to be paid in respect of the financial year ended 30 June 2014. This final dividend has not been recognised as a liability as at the end of financial year as it is subject to approval at the Annual General Meeting of the Company.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 27. Commitments

### 27.1 Capital commitments

Capital expenditure contracted for at the end of the financial year but not recognised in the financial statements are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Acquisition of property, plant and equipment	26,765	41,461
Purchase of synthetic logs	26,000	43,973
Acquisition of investment	16,405	–

### 27.2 Operating lease commitments

As at the end of the financial year, commitments in respect of unpaid non-cancellable operating leases are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Not later than one year	20	27
Later than one year and not later than five years	24	44
Later than five years	34,496	34,496
	34,540	34,567

The non-cancellable operating lease commitments relate to the following:

- Lease of farmland and moso bamboo plantations by the Group for a remaining period of 8 to 12 (2013: 2 to 13) years and 14 (2013: 15) years respectively. The Group leases farmland and bamboo plantations are approximately 5,134 mu (2013: 5,220 mu) and 33,845 mu (2013: 11,302 mu) and prepays a portion of the total lease payable as disclosed in Note 15 to the financial statements.
- Lease of office premises and warehouse by the Group for a period of 1 to 2 (2013: 1 to 2) years.
- Maintenance cost of the eucalyptus trees in plantation forest for a period of 2 (2013: 2) years which has been fully prepaid as disclosed in Note 15 to the financial statements.

## 28. Significant related party transactions

A related party is defined as follows:

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

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 28. Significant related party transactions (Continued)

- (b) An entity is related to the Group and the Company if any of the following conditions apply:
- (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 venture of the same third party.
  - (iv) One entity is a joint ventures 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 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).

### Key management personnel remuneration

The remuneration of Directors and other key management personnel of the Group and of the Company during the financial year were as follows:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Directors' fee	939	776	939	776
Short-term benefits	1,789	2,821	596	942
Post-employment benefits	224	211	25	47
Share-based payment expenses	2,979	4,379	224	227
	<u>5,931</u>	<u>8,187</u>	<u>1,784</u>	<u>1,992</u>
Analysed into:				
Directors of the Company	1,551	2,725	1,201	1,095
Directors of the subsidiaries	539	686	–	–
Other key management personnel	3,841	4,776	583	897
	<u>5,931</u>	<u>8,187</u>	<u>1,784</u>	<u>1,992</u>

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions during the financial year between the Group entities and Company and related parties:

	Group	
	2014 RMB'000	2013 RMB'000
<b>With a related party</b>		
Settlement of disbursement on behalf of a related party	<u>21</u>	<u>–</u>

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 29. Segment information

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 the 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.

Segment results, assets and liabilities include items directly attributable to segments as well as those that can be allocated on a reasonable basis.

Segment assets consist primarily of property, plant and equipment, biological assets, land use rights, deferred tax assets, inventories, receivables, prepayments and cash and bank balances.

Segment liabilities comprise operating liabilities, current income tax payable and deferred tax liability.

Segment capital expenditure is the total costs incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

### 29.1 Business segments

The Group is organised into the following business segments namely:

#### Self-cultivated edible fungi, self cultivated moso bamboos and eucalyptus trees

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

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

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

#### Processed food products

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

#### Corporate

Corporate comprises the Company, which principal activities are those of investment holding company.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 29. Segment information (Continued)

### 29.1 Business segments (Continued)

The following is an analysis of the Group's revenue and results by reportable segments:

	Self-cultivated edible fungi and bamboo shoots RMB'000	Processed food products RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
<b>Group</b>					
<b>2014</b>					
<b>Revenue</b>					
Sales to external customers	419,282	192,140	–	–	611,422
Inter-segment revenues	11,592	–	–	(11,592)	–
Total revenue	430,874	192,140	–	(11,592)	611,422
<b>Segment results</b>	85,069	61,799	–	–	146,868
Interest income	38	43	3	–	84
Other income	–	3,027	37	–	3,064
Selling and distribution expenses	(3,110)	(2,955)	–	–	(6,065)
Administrative expenses	(8,394)	(12,992)	(7,316)	–	(28,702)
Other expenses	(10,282)	(433)	–	–	(10,715)
Gain from changes in fair value of biological assets	13,037	–	–	–	13,037
Finance cost	–	(1,610)	–	–	(1,610)
Profit/(Loss) before income tax	76,358	46,879	(7,276)	–	115,961
Income tax expense	–	(11,773)	(1,598)	–	(13,371)
Profit/(Loss) for the financial year	76,358	35,106	(8,874)	–	102,590
<b>Other segment items</b>					
Additions to biological assets	244,142	–	–	–	244,142
Capital expenditure					
- property, plant and equipment	1,211	57,172	11	–	58,394
- land use rights	–	135	–	–	135
Depreciation and amortisation	277,822	3,829	4	–	281,655
<b>Segment assets</b>	538,916	285,929	3,438	–	828,283
<b>Segment liabilities</b>	1,070	55,760	5,399	–	62,229

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 29. Segment information (Continued)

### 29.1 Business segments (Continued)

	Self-cultivated edible fungi and bamboo shoots RMB'000	Processed food products RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
<b>Group</b>					
<b>2013</b>					
<b>Revenue</b>					
Sales to external customers	354,819	154,351	–	–	509,170
Inter-segment revenues	2,468	–	–	(2,468)	–
Total revenue	357,287	154,351	–	(2,468)	509,170
<b>Segment results</b>	64,467	48,781	–	–	113,248
Interest income	16	36	5	–	57
Other income	4,200	904	–	–	5,104
Selling and distribution expenses	(3,091)	(4,357)	–	–	(7,448)
Administrative expenses	(5,079)	(9,461)	(8,309)	–	(22,849)
Other expenses	(10,351)	(2,561)	(254)	–	(13,166)
Gain from changes in fair value of biological assets	2,396	–	–	–	2,396
Finance cost	–	(28)	–	–	(28)
Profit/(Loss) before income tax	52,558	33,314	(8,558)	–	77,314
Income tax expense	–	(7,995)	(129)	–	(8,124)
Profit/(Loss) for the financial year	52,558	25,319	(8,687)	–	69,190
<b>Other segment items</b>					
Additions of biological assets	266,632	–	–	–	266,632
Capital expenditure					
- property, plant and equipment	4,721	21,110	–	–	25,831
- land use rights	4,746	18,255	–	–	23,001
Depreciation and amortisation	257,866	2,268	4	–	260,138
<b>Segment assets</b>	550,358	133,161	10,729	–	694,248
<b>Segment liabilities</b>	1,850	20,567	4,883	–	27,300



# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 29. Segment information (Continued)

### 29.2 Geographical information

The Group's business segments operate in two main geographical areas. Sales revenue is based on the country in which goods are delivered and services are provided. Non-current assets consisting of property, plant and equipment, biological assets, land use rights, prepayments and deferred tax assets are shown by the geographical area in which the assets are located.

	Group	
	2014	2013
	RMB'000	RMB'000
<b>Sales to external customers</b>		
China	489,784	412,444
Japan	121,638	96,726
	<u>611,422</u>	<u>509,170</u>
<b>Non-current assets</b>		
China	499,921	394,656
Singapore	10	3
	<u>499,931</u>	<u>394,659</u>

### 29.3 Major customer

The revenue from one customer of the Group's processed food products segment amounted to approximately RMB63,887,000. There is no revenue from transactions with a single external customer amount to 10% or more of the Group's revenue for the financial year ended 30 June 2013.

## 30. Financial instruments and financial risks

The Group's activities expose it to credit risks, market risks (including foreign currency 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.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

### 30.1 Credit risks

Credit risks refer to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition.

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

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for one (2013: two) trade receivable from third parties amounting to approximately 44% (2013: 64%) of total trade receivables as at the end of the financial year.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 30. Financial instruments and financial risks (Continued)

### 30.1 Credit risks (Continued)

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

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

The Group's and the Company's trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company. As at 30 June 2014, there are no trade receivables that are past due.

As at 30 June 2014, substantially all the bank balances as detailed in Note 19 to the financial statements, are held in major financial institutions which are regulated and located in Singapore and PRC, which the management believes are of high credit quality. The management does not expect any losses arising from non-performance by these counterparties.

### 30.2 Market risks

#### Foreign currency risk

Currency risk arises from transactions denominated in currencies other than the respective functional currencies of the Group entities. The currencies that give rise to this risk are primarily Japanese yen, Singapore dollar and the United States dollar.

The Company and its subsidiaries maintain their respective books and accounts in their functional currencies. As a result, the Group is subject to transaction exposures resulting from currency exchange rate fluctuations. However, to minimise such foreign currency exposures, the Group uses natural hedges between sales receipts and purchases, and operating expenses disbursement. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

At the end of the financial year, the carrying amount of monetary assets and liabilities denominated in currencies other than the functional currencies of the entities within the Group are as follows:

	Group			
	Monetary assets		Monetary liabilities	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Japanese yen	1,068	1,650	–	–
Singapore dollar	3,039	16,412	691	1,172
United States dollar	11,647	14,994	–	–

#### *Foreign currency sensitivity analysis*

The Group is mainly exposed to Japanese yen ("JPY"), Singapore dollar ("SGD") and the United States dollar ("USD").

The following table details the sensitivity of a 5% (2013: 5%) change in the relevant foreign currencies against the functional currency of the entities within the Group. The sensitivity analysis assumes an instantaneous 5% (2013: 5%) change in the foreign currency exchange rates from the end of the financial year, with all variables held constant. The results of the model are also constrained by the fact of only monetary items, which are denominated in JPY, SGD and USD are included in the analysis.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 30. Financial instruments and financial risks (Continued)

### 30.2 Market risks (Continued)

#### Foreign currency risk (Continued)

	Group	
	Increase/(decrease) on profit before income tax	
	2014	2013
	RMB'000	RMB'000
JPY against RMB		
- strengthen	53	83
- weaken	(53)	(83)
SGD against RMB		
- strengthen	117	762
- weaken	(117)	(762)
USD against RMB		
- strengthen	582	750
- weaken	(582)	(750)

#### Interest rate risk

Interest rate risk is the risk (variability in value) borne by an interest-bearing asset, such as deposits in banks, due to variability of interest rates.

The Group's exposure to changes in interest rates relates primarily to deposits in banks.

The impact of the Group's exposure to changes in interest rate is not expected to be material.

### 30.3 Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to finance the Group's operations. As part of overall prudent liquidity management, the Group maintains sufficient level of cash to meet working capital requirements.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 30. Financial instruments and financial risks (Continued)

### 30.3 Liquidity risks (Continued)

The following table details the Group's contractual maturity analysis for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments at the earlier of the contractual date and when the Group and the Company is expected to pay.

	Effective interest rate %	Less than 1 year RMB'000
<b>The Group</b>		
<b><u>Financial liabilities</u></b>		
<b>2014</b>		
Trade and other payables (excluding advances from customers)	N.A	14,557
Bank borrowings	7.2% - 7.8%	30,579
		<u>45,136</u>
<b>2013</b>		
Trade and other payables	N.A	<u>19,740</u>
<b>The Company</b>		
<b><u>Financial liabilities</u></b>		
<b>2014</b>		
Trade and other payables	N.A	<u>921</u>
<b>2013</b>		
Trade and other payables	N.A	<u>1,172</u>

The Group's operations are financed mainly through share capital, reserves and accumulated profits.

## 31. Fair values of financial assets and financial liabilities

The carrying amount of the financial assets and financial liabilities approximate their respective fair values due to the relative short-term maturity of these financial instruments.

## 32. Capital management policies and objectives

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 capital structure of the Group comprises only share capital, reserves and accumulated profits as disclosed in the statements of financial position as at respective financial year end.

As disclosed in Note 24, the subsidiaries are required by relevant laws and regulations of the PRC to contribute to and 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 year ended 30 June 2014 and 2013.

The Group manages its capital structure by making necessary adjustments to it in response to the changes in economic conditions.

# Notes to the Financial Statements

For the financial year ended 30 June 2014

## 32. Capital management policies and objectives (Continued)

The Group's management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group manages capital by regularly monitoring its current and expected liquidity requirements. Except as mentioned above and the conversion of RMB into foreign currencies which is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government, the Group is not subject to either internally or externally imposed capital requirements.

The Group's and Company's overall strategy remains unchanged from the previous financial year.

## 33. Events subsequent to the reporting date

**33.1** The Company had on 24 July 2014 entered into a conditional subscription agreement to allot and issue an aggregate of 35,000,000 new ordinary shares in the capital of the Company to the subscriber, and the subscriber has agreed to subscribe and pay for the subscription shares at S\$0.16185 (equivalent to RMB0.80475) per subscription share, for an aggregate amount of S\$5,664,750 (equivalent to RMB28,166,200).

On 13 August 2014, the Company has received the approval in-principal of the SGX-ST for the listing of and quotation for the 35,000,000 new ordinary shares on the Mainboard of the SGX-ST.

**33.2** On 30 July 2014, the Company has through its wholly-owned subsidiary, LiJiashan incorporated a wholly-owned subsidiary, namely Sanming Shansheng Forestry Co., Ltd. ("Sanming") in PRC. The principal activities of the newly incorporated subsidiary are those of forestry management, cultivation and sales of edible fungi and vegetables. The transaction is funded through the Group's internal resources and is not expected to have any material impact on the consolidated net tangible assets and earning per share of the Group.

**33.3** On 9 September 2014, Sanming has entered into a conditional agreement with Jiangle Shanfeng Bamboo Co., Ltd for lease of moso bamboo plantation for a period of 10 years from the effective date of the agreement for an aggregate consideration of RMB234,500,000 based on a valuation report dated 22 August 2014. The agreement is subject to approval from shareholders of the Company.

The plantation is situated at Jiangle Country, Fujian Province, PRC and has gross land area measuring approximately 67,000 mu. The plantation shall be used solely for the cultivation and harvest of bamboo trees, spring bamboo shoots and winter bamboo shoots.

# Statistics of Shareholdings

As at 19 September 2014

## SHAREHOLDING INFORMATION

Total Number of Shares	:	537,202,175
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share (excluding treasury shares)
Treasury Shares	:	Nil

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 999	2	0.13	619	0.00
1,000 - 10,000	448	28.30	3,076,014	0.57
10,001 - 1,000,000	1,108	70.00	81,264,519	15.13
1,000,001 and above	25	1.57	452,861,023	84.30
Total	1,583	100.00	537,202,175	100.00

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Sanwang International Holdings Limited <sup>(1)</sup>	195,936,718	36.47	–	–
Chen Qiuhai	–	–	195,936,718	36.47
Global Yellow Pages Limited	100,451,305	18.70	–	–
Hydrex International Pte Ltd	42,000,000	7.82	–	–
Goi Seng Hui <sup>(2)</sup>	–	–	42,000,000	7.82
Tangfen	35,000,000	6.52	–	–

The percentage of shareholding above is computed based on the total number of issued shares of 537,202,175 excluding treasury shares.

Notes:

<sup>(1)</sup> Sanwang International Holdings Limited is a company incorporated in British Virgin Islands and wholly-owned by Mr Chen Qiuhai. Accordingly, Mr Chen Qiuhai is deemed to be interested in the 195,936,718 ordinary shares held by Sanwang by virtue of Section 4 of the Securities and Future Act.

<sup>(2)</sup> Mr Goi Seng Hui is deemed to be interested in the 42,000,000 shares held by Hydrex International Pte Ltd.



# Statistics of Shareholdings

As at 19 September 2014

## TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	UOB KAY HIAN PTE LTD	205,661,718	38.28
2	GLOBAL YELLOW PAGES LIMITED	100,451,305	18.70
3	HYDREX INTERNATIONAL PTE LTD	42,000,000	7.82
4	TANGFEN	35,000,000	6.52
5	CHIA KEE KOON	10,285,000	1.91
6	FORTUNE TECHNOLOGY FUND LTD	10,000,000	1.86
7	CIMB SECURITIES (SINGAPORE) PTE LTD	5,906,000	1.10
8	HONG LEONG FINANCE NOMINEES PTE LTD	5,054,000	0.94
9	CHEW GHIM BOK	5,027,000	0.94
10	MAYBANK KIM ENG SECURITIES PTE LTD	4,598,000	0.86
11	OCBC SECURITIES PRIVATE LIMITED	3,821,000	0.71
12	HSBC (SINGAPORE) NOMINEES PTE LTD	3,581,000	0.67
13	LEE SUI HEE	2,653,000	0.49
14	DBS VICKERS SECURITIES (S) PTE LTD	2,297,000	0.43
15	PHILLIP SECURITIES PTE LTD	1,907,000	0.35
16	EE GUAN HUI GILBERT	1,848,000	0.34
17	CITIBANK NOMINEES SINGAPORE PTE LTD	1,789,000	0.33
18	DBS NOMINEES PTE LTD	1,744,000	0.32
19	LIM & TAN SECURITIES PTE LTD	1,633,000	0.30
20	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	1,630,000	0.30
	Total	446,886,023	83.17

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 19 September 2014, there was approximately 30.38% of the Company's total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of YAMADA GREEN RESOURCES LIMITED (the “Company”) will be held at 7 Temasek Boulevard, #44-01 Suntec Tower One, The Penthouse, Singapore 038987 on Wednesday, 29 October 2014 at 9.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the financial year ended 30 June 2014 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one-tier) dividend of RMB0.012 per ordinary share for the financial year ended 30 June 2014. (2012: RMB0.013). **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to the Articles of Association of the Company:

Mr Chen Qiuhai	(Retiring under Article 91)	<b>(Resolution 3)</b>
Mr Chang Feng-chang	(Retiring under Article 91)	<b>(Resolution 4)</b>
Mr Lin Weibin	(Retiring under Article 97)	<b>(Resolution 5)</b>

[See Explanatory Note (i)]
4. To approve Directors’ fees of S\$180,000 for the financial year ending 30 June 2015, to be paid half yearly in arrears (FY2014: S\$185,000). **(Resolution 6)**
5. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
6. To transact any other ordinary business which may properly be transacted at the Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

- (a)
  - (i) issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the “Share Issue Mandate”)

# Notice of Annual General Meeting

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued Shares and Instruments shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, 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 Articles of Association of the Company; and
- (4) unless varied or revoked 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. **(Resolution 8)**

[See Explanatory Note (ii)]

## 8. **Authority to issue shares under the Yamada Green Resources Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share options under the Yamada Green Resources Share Option Scheme (the "Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of share options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued and/or issuable pursuant to the Scheme and all shares awarded under the Yamada Green Resources Performance Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 9)**

[See Explanatory Note (iii)]

# Notice of Annual General Meeting

## 9. Authority to issue shares under the Yamada Green Resources Performance Share Plan

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share awards under the Yamada Green Resources Performance Share Plan (the "Plan") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and ordinary shares to be issued and/or issuable in respect of all share options granted under the Yamada Green Resources Share Option Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 10)**

[See Explanatory Note (iv)]

## NOTICE OF BOOKS CLOSURE DATE FOR FIRST AND FINAL TAX EXEMPT (ONE-TIER) DIVIDEND

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and the Register of Members of the Company will be closed on 7 November 2014 for the purpose of determining shareholders' entitlements to a first and final tax exempt (one-tier) dividend of RMB0.012 per ordinary share for the financial year ended 30 June 2014 ("First and Final Tax Exempt (One-Tier) Dividend").

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898, up to 5.00 p.m. on 6 November 2014 will be registered to determine shareholders' entitlements to the First and Final Tax Exempt (One-Tier) Dividend. In respect of the ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the First and Final Tax Exempt (One-Tier) Dividend will be paid by the Company to CDP which will, in turn, distribute the First and Final Tax Exempt (One-Tier) Dividend to the CDP account holders in accordance with its normal practice.

The First and Final Tax Exempt (One-Tier) Dividend, if approved by the members at the Annual General Meeting, will be paid on 14 November 2014.

By Order of the Board

Wong Chee Meng Lawrence  
Company Secretary

Singapore  
13 October 2014

### Explanatory Notes:

- (i) Mr Chen Qiuhai will, upon re-election as a Director of the Company, remain as Executive Chairman of the Company.

Mr Chang Feng-chang will, upon re-election as a Director of the Company, remain as the Chairman of Remuneration Committee and a member of the Audit Committee and Nominating Committee respectively and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

- (ii) Resolution 8 above, if passed, will authorise and 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 earlier, to issue shares, make or grant instruments convertible into shares and to issue shares in pursuance of such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to existing shareholders of the Company.

# Notice of Annual General Meeting

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the instruments or any convertible securities, new shares arising from the exercise of share options or the vesting of share awards outstanding or subsisting at the time of the passing of this Resolution and any subsequent bonus issue, consolidation or subdivision of shares.

- (iii) Resolution 9 above, if passed, will authorise and empower the Directors of the Company from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the capital of the Company pursuant to the exercise of share options granted under the Yamada Green Resources Share Option Scheme ("Scheme") provided that the aggregate number of additional shares to be issued and/or issuable pursuant to the Scheme and all shares awarded under the Yamada Green Resources Performance Share Plan ("Plan") do not exceed in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (iv) Resolution 10 above, if passed, will authorise and empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the capital of the Company pursuant to the vesting of share awards under the Plan provided that the aggregate number of additional shares to be issued pursuant to the Plan and ordinary shares to be issued and/or issuable in respect of all share options granted under the Scheme do not exceed in total (for the entire duration of the Plan) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

## Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting (the "Meeting") of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Meeting. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 7 Temasek Boulevard, #43-03 Suntec Tower One, Singapore 038987 not less than forty-eight (48) hours before the time appointed for holding the Meeting.
3. By submitting the instrument appointing a proxy or proxies and/or representative to attend and vote at the Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy or proxies and/or representative appointed for the Meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy or proxies and/or representative to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy or proxies and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy or proxies and/or representative for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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# YAMADA GREEN RESOURCES LIMITED

(Company Registration No. 201002962E)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing the Proxy Form)

### IMPORTANT:

1. For investors who have used their CPF monies to buy Yamada Green Resources Limited's shares, the Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. The Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We \_\_\_\_\_ NRIC/Passport/Co. Registration No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of YAMADA GREEN RESOURCES LIMITED (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 7 Temasek Boulevard, #44-01 Suntec Tower One, The Penthouse, Singapore 038987 on Wednesday, 29 October 2014 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
<b>Ordinary Business</b>			
1	Directors' Report and Audited Accounts for the financial year ended 30 June 2014 together with Auditors' Report thereon		
2	Approval of the declaration of a first and final tax exempt (one-tier) dividend of RMB0.012 per ordinary share for the financial year ended 30 June 2014		
3	Re-election of Mr Chen Qiu Hai as Director		
4	Re-election of Mr Chang Feng-chang as Director		
5	Re-election of Mr Lin Weibin as Director		
6	Approval of Directors' Fees amounting to S\$180,000 for the financial year ending 30 June 2015, to be paid half yearly in arrears		
7	Re-appointment of Messrs BDO LLP as Auditors and fixing of their remuneration		
<b>Special Business</b>			
8	Authority to issue shares		
9	Authority to issue shares under the Yamada Green Resources Share Option Scheme		
10	Authority to issue shares under the Yamada Green Resources Performance Share Plan		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Total No. of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF



**Notes:**

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 130A of the Companies Act, Chapter 50 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 of shares is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the number of shares held by you.
2. A member of the Company entitled to attend and vote at the Annual General Meeting (the "Meeting") of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Meeting. A proxy need not be a member of the Company.
3. Where a member of the Company appoints more than one proxy, he/she shall specify the proportion of his/her shareholding concerned be represented by each proxy in the instrument appointing a proxy or proxies. If no such proportion of shareholding is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and the entire number of Shares registered in his/her name in the Register of Members, and any second named proxy as an alternate to the first named proxy.
4. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member of the Company from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member of the Company attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 7 Temasek Boulevard, #43-03 Suntec Tower One, Singapore 038987 not less than forty-eight (48) hours before the time appointed for holding the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies, failing which, the instrument appointing a proxy or proxies may be treated as invalid.
7. A corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. By submitting the instrument appointing a proxy or proxies and/or representative to attend and vote at the Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy or proxies and/or representative appointed for the Meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy or proxies and/or representative to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy or proxies and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy or proxies and/or representative for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have any shares entered against his/her name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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YAMADA GREEN RESOURCES LIMITED  
Company Registration No. 201002962E

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