YAMADA
GREEN RESOURCES
山田綠色

Yamada Green Resources Limited

Annual Report 2013

BUILDING ON CORE STRENGTHS

Contents

CORPORATE PROFILE

"We operate one of the largest shiitake mushroom cultivation bases in Fujian Province, the PRC."

Yamada is a major supplier of edible fungi, operating one of the largest shiitake mushroom cultivation bases in Fujian Province, the People's Republic of China (the "PRC"). We possess potential upstream resource sustainability 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 Moso bamboo plantations which can be used as raw materials for one of our main processed food products, ie, water-boiled bamboo shoots.

We also export our processed food products overseas, mainly to Japan, under our customers' brand names.

OUR PRODUCTS

Self-cultivated Edible Fungi

Processed Food Products

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.

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.

As we move forward, we aim to leverage on our brand value and deepen our market presence, especially for our processed food products, in China and abroad.

DEEPENING BRAND VALUE **AND MARKET PRESENCE**

CHAIRMAN'S **STATEMENT**

CHEN QIUHAI
Executive Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is my honour to present to you the Annual Report of Yamada Green Resources Limited for the financial year ended 30 June 2013 ("FY2013").

FY2013 was a challenging year as the global economy remained plagued by the unresolved Euro-zone debt crisis, the weak recovery of the US economy and the slowdown of China's economy. This was exacerbated by problems arising from unfavourable weather conditions in Fujian Province during late 2012, resulting in poorer yields in our cultivation sites and lower sales in our products.

YEAR IN REVIEW

While we soldiered on in hopes to achieve higher growth, these challenges continued to post hurdles, resulting in an 8.0% fall in the Group's revenue from RMB553.3 million in FY2012 to approximately RMB509.2 million in FY2013. The unfavourable weather conditions in our cultivation sites from October 2012 to December 2012 resulted in a fall in both production and sales of our core fungi products, namely the shiitake mushrooms.

During the financial year, production of our self-cultivated shiitake mushrooms (fresh weight) was approximately 50,650 tonnes as compared to approximately 56,000 tonnes in FY2012, causing a 9.7% decrease in our sales of self-cultivated shiitake mushrooms from RMB378.5 million in FY2012 to RMB341.8 million in FY2013. Similarly, sales generated from self-cultivated black fungus also decreased by 3.6% from RMB13.6 million in FY2012 to approximately RMB13.1 million in FY2013.

Although we experienced strong demand from our PRC market and stable demand from the Japanese market for processed food products, the weaker US Dollar and Japanese Yen impacted our sales for these products, resulting in a 4.3% fall in revenue from RMB161.2 million in FY2012 to RMB154.3 million in FY2013.

"In April 2013, we entered into an agreement to lease mature Moso bamboo plantations of 11,302 mu for 15 years. During this tenure, we will own harvesting rights to all produce including mature bamboo trees, spring bamboo shoots and winter bamboo shoots."

Due to the dip in revenue and rising cost of raw materials and labour, our gross profit dropped by 45.6% from RMB208.3 million in FY2012 to RMB113.2 million in FY2013. Meanwhile, overall gross profit margin declined to 22.2% in FY2013 as compared to 37.6% in FY2012. As a result, our comprehensive income fell by 49.5% from RMB137.0 million in FY2012 to approximately RMB69.2 million in FY2013.

BUILDING ON OUR CORE STRENGTHS

Despite these short-term challenges, we continuously strive to mitigate the impact of unfavourable external conditions on our businesses. Besides keeping a close watch on the market situation to minimise the effects of price fluctuations, we are also building up our capabilities in research and development to improve the quality of our processed food products and efficiency of our operations.

In September 2013, we commenced the construction of our 16-storey Research and Development Centre occupying a gross floor area of 14,257 square metres in Houyu Food Industry Zone, Jingxi Town, Minhou County, Fuzhou City, Fujian Province, PRC which is set for completion by 2014. The Centre serves to enhance the efficiency of our processed food products' quality control procedures. Upon completion, our prime customers can also station their representatives at the Centre, further strengthening our collaboration with them.

In addition, we have successfully obtained the logging licence from Longyan Municipal Bureau of Forestry, Fujian Province, to harvest the eucalyptus trees from these eucalyptus plantations to produce sawdust as raw materials for the production of synthetic logs. The logging licence allows us to harvest eucalyptus trees from an aggregated plantation area of 5,534 mu, enabling the production of enough eucalyptus sawdust for more than half of the total synthetic logs used in FY2014 for our cultivation of shiitake mushrooms. In view of stricter government

CHAIRMAN'S STATEMENT

environmental protection policy in the PRC, the acquisition of these eucalyptus plantations bolsters our upstream resource sustainability and controls production costs.

STRATEGISING FOR OUR FUTURE

Besides growing our core businesses, we are also constantly seeking new growth avenues. In April 2013, we entered into an agreement to lease mature Moso bamboo plantations of 11,302 mu for 15 years. During this tenure, we will own harvesting rights to all produce including mature bamboo trees, spring bamboo shoots and winter bamboo shoots. We believe that the harvest of the spring bamboo shoots, which are used as raw materials for one of our main processed food products – water-boiled bamboo shoots – can fulfill approximately 50% of our processed food requirement, enhancing our upstream resource sustainability. Furthermore, the bamboo trees can also be used in a variety of applications such as building and renovation materials and in textile, paper and pulp industries, thereby opening up additional streams of income for the Group.

We believe that with economic growth and rising disposable incomes in the PRC, and growing awareness of health benefits of shiitake mushrooms and black fungus, there will continue to be demand for our self-cultivated fungi products. Moreover, increasing urbanisation in the second and third-tier cities will likely trigger growing demand for instant food, which can benefit our processed food products segment. With the steps we are taking, our Group is poised to leverage on these favourable economic and social trends.

Moving forward, we would like to assure all shareholders that it is the Group's commitment to deliver higher returns to our stakeholders who have kept their faith in us through difficult times. Management will continue working to

improve the Group's operational efficiency. Our strong fundamentals, coupled with the long-term prospects of the edible fungi industry in the PRC, will help us overcome the many challenges in our journey.

PROPOSED DIVIDEND

In recognition of our valued shareholders, the Board of Directors has recommended a first and final tax-exempt dividend (one-tier) of RMB0.013 per share in respect of FY2013, which is subject to shareholders' approval at the forthcoming Annual General Meeting.

CHANGES TO OUR BOARD OF DIRECTORS

The Board expresses its gratitude and appreciation to Mr Soh Beng Keng and Mr Sim Yong Chan, who will be retired from the Board, for the benefits of their extensive experience and expertise that they have given the Company during their terms as Lead Independent Director and an Independent Director of the Company. We are pleased to welcome Mr Chua Ser Miang as an Independent Director, Professor Tan Cheng Han and Mr Goi Kok Neng as Non-Executive and Non-Independent Directors of the Company. Their vast experience in their respective fields will enable the Group to scale greater heights.

IN APPRECIATION

FY2013 has been a tough year and I am grateful to everyone who has helped us through. I would like to express my sincere appreciation to all management and staff for their contributions to the growth of the Group over the years as well as our shareholders for your unwavering support. With your continued support, we look forward to another exciting year ahead.

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。2013年4月，我们签订为期15年，11,302亩毛竹林的租赁合同。在租赁期间内，我们拥有用作生产成熟毛竹以及春笋和冬笋的砍伐权。我们相信所收成的春笋，可以用做我们主要加工品水煮笋的原材料，并满足我们加工品50%的原材料需求量，加强了我们上游资源的可持续性。”

尊敬的各位股东，

在此，我谨代表山田绿色资源有限公司董事会，向各位呈报公司截至2013年6月30日的年报。2013年是充满挑战的一年，由于欧债危机悬而未决、美国经济复苏疲软以及中国经济增长的放缓造成全球经济状况的持续动荡。2012年末福建省恶劣的天气更加恶化了公司经营情况，导致了我们公司产品的产销量的减少。

一年回顾

虽然我们满怀希望能够达成高增长的目标，但是各方面不可预测的挑战给我们造成大量的阻碍，使我们集团营业收入下降8.0%，由2012财年的553,300,000元人民币减少到了2013年的509,200,200元人民币。2012年十月至十二月间我们产地受到恶劣天气的影响，使我们核心产品香菇的产量大减。

在这一财年里，我们自种香菇的产量大约为50,650吨，相比2012财年的56,000吨减少了9.7%，销售额由2012财年的378,500,000元人民币减少至2013财年的341,800,00元人民币。相似的，我们自种黑木耳的销售收入也下降了3.6%，由2012财年的13,600,000元人民币减少到了2013财年的13,100,000元人民币。

虽然国内市场对我们精加工产品的需求量十分强劲，日本市场的需求量也依旧稳定，但是美元和日元汇率的走弱对我们营业收入造成了巨大的冲击，导致我们营业收入由2012财年的161,200,000元人民币减少到了2013财年的154,300,000元人民币，下降了4.3%。

因为营业收入的减少以及原材料和劳动成本的增加，我们毛利润由2012财年的208,300,000元人民币减少到了2013财年的113,200,000元人民币，下降了45.6%。因此，总体毛利率由2012财年的37.6%下降至2013财年的22.2%，综合收益由2012财年的137,000,000元人民币减少到2013财年的69,200,000元人民币，下降了大约49.5%。

打造核心优势

尽管面对各种短期挑战，我们一直致力于减少外部不利因素对我们业务的影响。另外我们一直关注市场状况来减少价格波动的影响，我们同时也在加强我们的研发能力来提高我们加工品的质量以及运营效率。

在2013年9月，我们开始了福建省福州市闽侯县荆溪镇厚屿食品工业园16层研发中心的建造，该中心占地

14,257平方米，预计在2014年竣工。该中心主要用于提高我们加工品品质监控程序的效率。完工后，我们的主要客户可以在该中心派驻其代表，进一步加强我们与其间的联系。

另外，我们成功获取了福建省龙岩林业局颁发的砍伐许可证，用于我们桉树林的砍伐。用桉树木屑制作成的菌棒，是我们自种产品的原材料。该砍伐证允许我们砍伐总计约5,534亩的林地，可以足够用作2014财年生产自种香菇所需要的一半以上原材料。鉴于中国越加严格的环境保护政策，此次桉树林砍伐许可的获得可以维持我们上游资源的可持续性，并有效控制我们的生产成本。

未来战略

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。2013年4月，我们签订为期15年，11,302亩毛竹林的租赁合同。在租赁期间内，我们拥有用作生产成熟毛竹以及春笋和冬笋的砍伐权。我们相信所收成的春笋，可以用做我们主要加工品水煮笋的原材料，并满足我们加工品50%的原材料需求量，加强了我们上游资源的可持续性。而且毛竹的使用范围相当广泛，可以用作建造装修的原材料、以及用于纺织及造纸业，为我们集团打开了额外的收入来源。

在中国，人民可支配收入上升和对健康生活的日益关注是对我们业务发展有利的趋势，这将为我们带来商机。消费者越来越认同香菇和黑木耳富有的营养价值，我们相信市场对集团主要产品的需求将保持稳定。同样的，中国的城市化发展也推动了对方便食品的需求，这已经是世界发达国家和城市的普遍趋势。我们迈出的每一个步伐，都使得我们集团迎合了良好的经济和社会发展趋势。

随着我们不断的向前发展，我们承诺我们将会给予坚定不移伴随我们集团度过每一个困难时期的股东们以高额的回报。公司管理层会一直致力提高集团的运营效率和利润率。我们稳固的基础配合中国食用菌工业的长期远景，将帮助我们克服发展道路上的每一个困难。

拟派股利

为回报我们尊贵的股东，董事会提议分派2013财年股利，每股派免税股利0.013元人民币。该提议将会在即将到来的年度股东大会上核准通过。

董事会变动

董事会对苏明庆先生和沈荣壮先生所做的工作表示赞赏与感谢，虽然他们即将从董事会退休，但是他们在担任公司独立董事期间所带来的丰富经验以及专业知识给公司带来了巨大的财富。同样的，我也要借此机会来欢迎蔡斯敏先生担任我们公司新的独立董事，陈清汉教授和魏国龙先生担任公司非执行董事。他们在各自的领域都有着丰富的经验，将会带领我们集团更上一层台阶。

结语

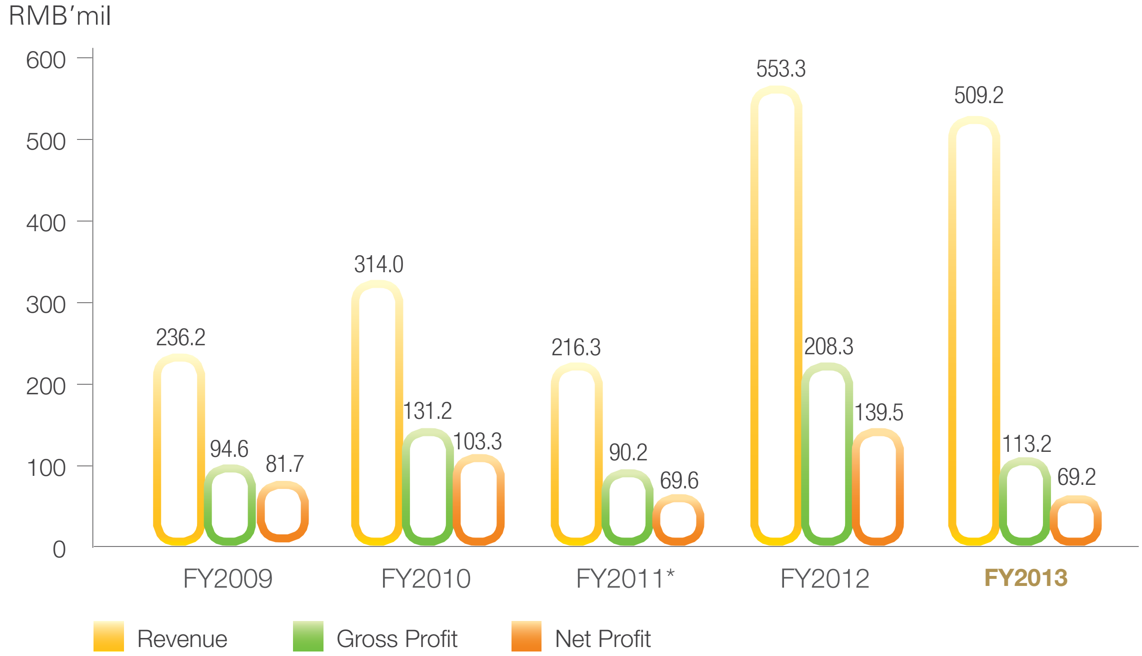
2013财年是充满挑战的一年，我对我们的管理层和所有员工在过去一年的贡献表示由衷地感激。同时，也非常感谢我们的股东们对公司坚定的支持。 我们期待令人鼓舞的来年。

陈秋海
执行董事长兼首席执行官

FINANCIAL **HIGHLIGHTS**

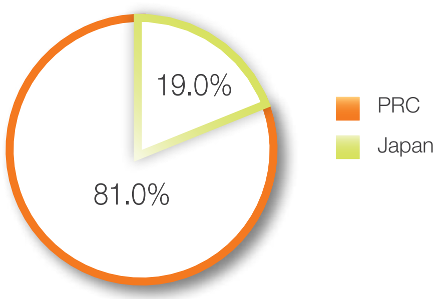
(RMB'mil)	FY2009	FY2010	FY2011*	FY2012	FY2013
Revenue	236.2	314.0	216.3	553.3	509.2
Gross Profit	94.6	131.2	90.2	208.3	113.2
Gross Profit Margin (%)	40.0	41.8	41.7	37.6	22.2
Net Profit	81.7	103.3	69.6	139.5	69.2
Net Profit Margin (%)	34.6	32.9	32.2	25.2	13.6

REVENUE, GROSS PROFIT AND NET PROFIT

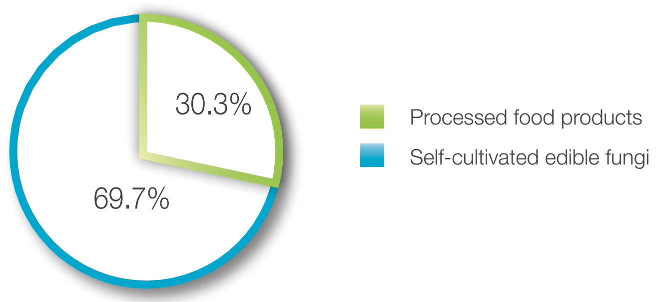


* *Refer to 6-month period from 1 January 2011 to 30 June 2011.*

REVENUE BREAKDOWN FOR FY2013



Geographical Location



Business Segment

In April 2013, we acquired mature Moso bamboo plantations in order to expand our product range and secure raw materials for water-boiled bamboo shoots, one of our main processed food products.

EXPANDING OUR **PRODUCT RANGE**

OPERATIONS **REVIEW**

BUSINESS OVERVIEW

Yamada is a major supplier of self-cultivated edible fungi as well as a manufacturer and distributor of processed food products. We own one of the largest shiitake mushroom cultivation bases in Fujian Province, People's Republic of China ("PRC"). Presently, we occupy approximately 5,134 mu of shiitake mushroom farmland and 86 mu of black fungus farmland. (1 mu equals approximately 667 square metres.) We possess potential upstream resource sustainability with sawdust obtained from our own eucalyptus trees and spring bamboo shoots through our mature Moso bamboo plantations.

Sawdust is the raw material used to produce synthetic logs for the cultivation of our shiitake mushrooms. We currently own 51,193 mu of eucalyptus plantations in FY2013, the same as that in FY2012. During FY2013, we have also added 11,302 mu of bamboo plantations. We did not have any bamboo plantation holdings in FY2012.

Yamada's range of products include self-cultivated edible fungi, such as shiitake mushrooms and black fungus, which are mainly sold as fresh produce to wholesalers of agricultural food products in the PRC. The Group also produces and distributes processed food products such as dried mushrooms, water-boiled/dried vegetables and konjac-based dietary fibre food products sold in major cities in PRC under its trademark brands such as 研香坊 懒人厨房 and . Our processed food products are also exported, mainly to Japan.

FINANCIAL HIGHLIGHTS

Over the financial year ended 30 June 2013 ("FY2013"), our revenue decreased by 8.0% or RMB44.1 million, to RMB509.2 million, as compared to RMB553.3 million in FY2012. In the area of self-cultivated shiitake mushrooms, sales decreased by 9.7% or about RMB36.7 million, from about RMB378.5 million in FY2012 to RMB341.8 million in the year under review. With a current landholding of 5,134 mu of shiitake mushroom cultivation bases, we produced and sold approximately 50,650 tonnes of self-cultivated shiitake mushrooms (fresh weight) in FY2013, as compared to approximately 56,000 tonnes in FY2012. The lower yield from the year under review was mainly caused by unfavourable weather conditions in the cultivation sites from October to December 2012. Weather conditions improved in January 2013 and the overall average unit selling price of self-cultivated fresh shiitake mushroom was, in the end, relatively stable compared to the previous year.

As for self-cultivated black fungus sales, we witnessed a decrease of approximately RMB0.5 million or 3.6%, from approximately RMB13.6 million in FY2012 to approximately RMB13.1 million in FY2013. We currently operate a black fungus cultivation base of 86 mu, producing and selling about 2,800 tonnes of self-cultivated black fungus (fresh weight) over FY2013, a slight reduction compared to 2,900 tonnes in FY2012.

Overall sales of processed food products saw a decrease of 4.3% or about RMB6.9 million, from about RMB161.2 million in FY2012 to RMB154.3 million in FY2013. This decrease was due to sales recorded in weaker US Dollar and Japanese Yen despite stable demand from the Japanese market. Meanwhile, domestic sales of processed food products increased to RMB57.6 million in FY2013, an improvement over FY2012 where such sales registered RMB56.4 million. We will continue to focus on product expansion and brand promotion in the China market.

With the reduced revenue and lower profitability, we registered a decrease in overall Group gross profit of RMB95.1 million, or 45.6%, from RMB208.3 million in FY2012 to RMB113.2 million in FY2013. Overall Group gross profit margin declined to 22.2% in FY2013 as compared to 37.6% in FY2012, a decrease of 15.4 percentage points.

In the self-cultivation business segment, gross profit margin declined from 39.9% in FY2012 to approximately 18.2% in FY2013 mainly due to rising raw material costs of synthetic logs in the year under review, while the average selling price of edible fungi remained the same in the corresponding period. On a broader view, cost of synthetic logs have been on a rising trend since 2008 at about 10%, year-on-year, whereas the average unit selling price of fresh shiitake mushrooms are largely market-driven.

"On a broader view, cost of synthetic logs have been on a rising trend since 2008 at about 10%, year-on-year, whereas the average unit selling price of fresh shiitake mushrooms are largely market-driven."

As for the processed food products business segment, gross profit margin was about 31.6% in the year under review, as compared to 32.2% in the previous year. This difference was due primarily to a change in product mix.

SEGMENTAL REVIEW

SELF-CULTIVATED EDIBLE FUNGI

In FY2013, revenue for the self-cultivated edible fungi segment was RMB354.8 million, comprising 69.7% of total Group revenue.

PROCESSED FOOD PRODUCTS

In the processed food products segment, FY2013 revenue was booked as RMB154.4 million. This amounted to 30.3% of total Group revenue for the year.

GEOGRAPHICAL SEGMENTS

During the year under review, most of our sales continued to be generated from our domestic market of China. As a percentage of Group revenue, China sales amounted to 81.0% or RMB412.4 million. Sales to Japan, on the other hand, amounted to 19.0% of Group revenue or RMB96.7 million.

FINANCIAL POSITION

Non-current assets increased by approximately RMB40.0 million or 11.2% over the year in review, from RMB356.5 million as at 30 June 2012 to RMB396.5 million as at 30 June 2013. This increase was mainly due to the increase in fair value of the Moso bamboo plantations, purchase of property, plant and equipment and progressive payment for the new factory and its respective land use rights. It was partially offset by the utilisation of 5,534 mu eucalyptus trees, amortisation and depreciation of non-current assets.

As for current assets, we registered an increase of 38.2% or RMB82.3 million, from RMB215.4 million as at 30 June 2012 to RMB297.7 million as at 30 June 2013. This was mainly due to a net increase of trade and other receivables by approximately RMB42.2 million. This net increase mostly comprised of additional advance payment of synthetic logs to be used in FY2014 which amounted to RMB30.7 million, and an increase in trade receivables of about RMB7.3 million.

This increase was also due to about RMB32.2 million of biological assets, that is, synthetic log value which mainly comprised sawdust from our eucalyptus trees and direct labour cost. Cash and bank balances increased by about RMB6.8 million mainly due to placement of shares.

In the area of current liabilities, we booked an increase of about RMB1.5 million or 6.9%, from about RMB22.1 million as at 30 June 2012 to about RMB23.6 million as at 30 June 2013, mainly due to higher provision of income tax expenses.

Meanwhile, capital and reserves saw an increase of about RMB120.6 million or 22.1% from RMB546.3 million as at 30 June 2012 to RMB666.9 million as at 30 June 2013 mainly due to the retention of net profit in FY2013 and the issuance of placement shares.

CASH FLOWS

For financial year ended 30 June 2013, we recorded net cash generated from operating activities of about RMB48.1 million. This comprised cash generated from operating activities before changes in working capital of RMB339.4 million, working capital outflow of RMB282.9 million, and net cash outflow amounting to RMB8.3 million from interest income received and income tax paid.

The net working capital outflow was mainly due to utilisation of synthetic logs of edible fungi for about RMB242.2 million, additional advance payment of synthetic logs of about RMB30.7 million and an increase in trade receivables of about RMB7.3 million.

We used net cash amounting to about RMB88.3 million in investing activities. This was mainly for the purchase of property, plant and equipment, progressive payment of a new factory, its respective land use rights and rental prepayment of Moso bamboo plantations.

Net cash flow generated from financing activities amounting to RMB47.1 million was recorded in FY2013. This was due mainly to the issuance of about 82.2 million placement shares. The Group also drew down a loan of RMB10 million from China Everbright Bank for working capital purposes in December 2012. The loan was repaid in the same month. We incurred interest expenses on bank loan of RMB28,000.

BOARD OF DIRECTORS

Chen Qiuhai

Chen Qisheng

Professor Tan Cheng Han

Goi Kok Neng

CHEN QIUHAI (陈秋海)

Executive Chairman and Chief Executive Officer

Mr Chen Qiuhai 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 also the Director of Fuzhou Wangcheng Foods Development Co., Ltd. ("Wangcheng"), Nanping Yuanwang Foods Co., Ltd. ("Yuanwang") and Fuzhou Kangzhimei Foods Co.,Ltd.. He is responsible for overseeing the overall management, operations and business strategy of our Group. Prior to the setting up of Wangcheng, 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 the PRC (Fujian and Shandong Provinces) to Japan.

Since the setting up of 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. In 2010, he was appointed the Vice President of Fujian Province Green Food Association by the Fujian Association for Science and Technology and Fujian Province Green Food Association. In the same year, he was also made the Vice Chairman of the Fujian Province Edible Fungi Association.

Chen Qiuhai graduated from Chinese People's Public Security University with a degree in Japanese language in 1988.

CHEN QISHENG (陈琪昇)

Executive Director

Chen Qisheng is our Executive Director and was appointed on 17 September 2010. He is also the director of Wangcheng and Yuanwang, Group Head of Production and Sales and Head of sales department of Wangcheng. Chen Qisheng has over 10 years of experience in the agricultural and forestry related industries. He joined Wangcheng in 2001 as an assistant manager, overseeing the procurement of raw materials, sales and production processes. From 2003 to 2006, he was the assistant general manager where he oversaw the warehouse and logistics. From 2006 to 2008, he oversaw the procurement of raw materials for Wangcheng. He was made the deputy general manager and head of production of Wangcheng in 2008. Prior to joining Wangcheng, he was a production assistant in Longyan Natural Tea Leaves Co., Ltd. in 2001. From 1999 to 2000, he was a forestry officer at the Xinluo District Baisha Forest Station, responsible for the approval and inspection of afforestation. He graduated from Fujian Forestry School (Fujian Agricultural University), PRC in 1999 with a degree in forestry management.

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 Chairman of the Public Accountants Oversight Committee, and a board member of the Competition Commission of Singapore, the Accounting and Corporate Regulatory Authority, and the Singapore Sports Council. Professor Tan is also a consultant at TSMP Law Corporation, and serves on the Boards of various entities including Global Yellow Pages Limited, Chuan Hup Holdings Limited, ST Marine Limited and NTUC Income. 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.

GOI KOK NENG (魏国龙)

Non-Executive Director

Goi Kok Neng is our Non-Executive Director and was appointed on 15 May 2013. He is Deputy Director, 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 Honjii 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 TYJ Group in 1999 in

Soh Beng Keng

Chang Feng-chang

Sim Yong Chan

Chua Ser Miang

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 SGX-ST.

SOH BENG KENG (苏明庆)

Lead Independent Director

Soh Beng Keng is our Lead Independent Director and was appointed on 17 September 2010. He is the Chairman of Audit Committee and a member of the Nominating and Remuneration Committees. In 1996, he became the director of finance of Heeton Management Pte. Ltd., and subsequently upon listing, he became the executive director of Heeton Holdings Limited. In 2005, he joined Kim Heng Marine & Oilfield Pte. Ltd., a Singapore company involved in marine and oil related industries, and served as their financial controller. In 2006, he joined Miclyn Offshore Pte. Ltd., a Singapore company involved in the business of owning and chartering of ships, and served as their financial controller. Soh Beng Keng was the Chief Financial Officer of China Fashion Holdings Limited, a public listed company in Singapore from March 2007 to April 2009. Soh Beng Keng is the Lead Independent Director of Ziwo Holdings Ltd. and Sino Grandness Food Industry Group Limited. He is also the Independent Director of ISDN Holdings Limited and China Haida Ltd.. He is a full member of the Singapore Institute of Directors and a Fellow Member of the Institute of Singapore Chartered Accountants. He obtained his Bachelor of Commerce (Accountancy) from Nanyang University in 1979.

CHANG FENG-CHANG (张峰璋)

Independent Director

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 a member of the Audit, Nominating and Remuneration Committees. He is currently the Chief Executive Officer of Kinsley 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. Chang Feng-chang 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.

SIM YONG CHAN (沈荣壮)

Independent Director

Sim Yong Chan is our Independent Director who was appointed on 17 September 2010. He is the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee. He was an Independent Director of Sinopipe Holdings Limited from 2005 to November 2011. He obtained his LL.B. (Hons) from the University of Singapore in 1972 and LL.M. from the National University of Singapore in 1991. He is a Fellow of the Singapore Institute of Arbitrators and a Fellow of the Singapore Institute of Directors. He is a Consultant with RHTLaw Taylor Wessing LLP. Sim Yong Chan is the President of The Tanglin Club and the legal adviser to the Singapore Teochew Poit Ip Huay Kuan.

CHUA SER MIANG (蔡斯敏)

Independent Director

Mr Chua Ser Miang is our Independent Director, and was appointed to our Board on 23 September 2013. Mr Chua has 20 years of experience in the financial industry. From 1993 to 1996, he served as a Senior Review Officer at the Monetary Authority of Singapore, and subsequently worked as an Investment Analyst at Kim Eng Securities Pte Ltd, a stockbroking company, from 1996 to 2000. 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.

EXECUTIVE OFFICERS

YANG LIN (杨琳) was appointed as our Chief Financial Officer ("CFO") on 1 January 2010 and is overall in charge of the financial matters of our Group, overseeing our Group's financial reporting and compliance with post-listing obligations. Prior to joining our Company, from September 2008 to May 2009, she was the CFO for Multi Sports Holdings Ltd., a major sports shoe sole manufacturer based in the PRC and currently listed on the Main Board of Bursa Malaysia. Her responsibilities then included overseeing the company's project financial matters for their attempt to submit an application for listing on the Singapore Exchange Trading Securities Limited ("SGX-ST"), and she was instrumental in the setting up of appropriate internal controls and credit control procedures for the company. From 2006 to 2008, she was the finance manager of Sin Ghee Huat Corporation Ltd, a company engaged in the trading of stainless steel products and listed on the SGX-ST. She was responsible for the company's operations of finance and related matters, including the preparation of all financial information for the listing of the company on the SGX-ST. In 2005, she was the group accountant at MAP Technology Holding Limited. From 2004 to 2005, she was an accountant at Sinoying Singapore Pte Ltd, and from 2001 to 2004, she was an auditor at Paul Wan & Co. She was admitted as a Fellow of the Association of Chartered Certified Accountants in 2009, having been admitted as a Member of the Association in 2004. She is also a member of the Institute of Singapore Chartered Accountants since 2004. Yang Lin graduated from University of Shanghai for Science & Technology with a Bachelor of Engineering in 1991 and from Nanyang Technological University with a Master of Science (Finance) in 2010.

CHEN QIUFA (陈秋发) is our Head of Edible Fungi Cultivation Bases. He is a brother of our Executive Chairman and CEO, Chen Qiuhai. 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 Qiuhai, 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 Personnnel 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**

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

Fuzhou Wangcheng Foods Development Co., Ltd.
（福州旺成食品开发有限公司）
(incorporated in PRC on 14 April 1998)
Production and supplies of processed food products.

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

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

Nanping Lijiashan Forestry Co., Ltd.
（南平市李家山林业有限公司）
(incorporated in PRC on 23 April 2013)
Engaging in management of Moso bamboo plantations.

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chen Qiuhai (Executive Chairman and CEO)
Chen Qisheng (Executive Director)
Professor Tan Cheng Han (Non-Executive Director)
Goi Kok Neng (Non-Executive Director)
Soh Beng Keng (Lead Independent Director)
Sim Yong Chan (Independent Director)
Chang Feng-chang (Independent Director)
Chua Ser Miang (Independent Director)

AUDIT COMMITTEE
Soh Beng Keng (Chairman)
Sim Yong Chan
Chang Feng-chang
Chua Ser Miang
Professor Tan Cheng Han

NOMINATING COMMITTEE
Sim Yong Chan (Chairman)
Soh Beng Keng
Chang Feng-chang
Goi Kok Neng
Chua Ser Miang
Professor Tan Cheng Han

REMUNERATION COMMITTEE
Sim Yong Chan (Chairman)
Soh Beng Keng
Chang Feng-chang
Goi Kok Neng
Chua Ser Miang
Professor Tan Cheng Han

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

REGISTERED OFFICE
6 Battery Road
#10-01
Singapore 049909
Tel: (65) 6381 6966
Fax: (65) 6381 6967

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

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)

Financial Contents

Corporate Governance Report

The Board of Directors (the "Board" or the "Directors") of Yamada Green Resources Limited (the "Company") recognises the importance of sound corporate governance in protecting the interest of its shareholders as well as strengthening investors' confidence in its management and financial reporting.

The Company, together with its subsidiaries (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 preserve and enhance the interests of all shareholders.

This report describes the corporate governance framework and practices of the Company with specific reference made to the principles and guidelines of the Singapore Code of Corporate Governance 2005 (the "Code"). Unless otherwise stated, these practices were in place throughout the financial year.

BOARD MATTERS

The Board's Conduct of Affairs

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

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 disposal 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 release of the Group's quarterly and full year financial results and interested person transactions;

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

e. review the performance of the Management, approve the nominations to the Board and appointment of key executives, as may be recommended by the Nominating Committee ("NC");

f. review and endorse the framework of remuneration for the Board and key executives, 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.

Corporate Governance Report

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 Committee will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

Matters which are specifically reserved to the Board for decision are those involving corporate plans and budgets, material acquisitions and disposals of assets, share issuances, dividends and other returns to shareholders.

The Board conducts regular scheduled Board meetings at least four (4) meetings on a quarterly basis to review the Company's financial results and where necessary, additional Board meetings are held to address significant issues or transactions. Dates of the Board meetings are normally set by the Directors well in advance. The Articles of Association of the Company allow a Board meeting to be conducted by way of telephone conferencing and/or by means of similar communication equipment whereby all Directors participating in the meeting are able to hear each other. Decisions of the Board and Board Committees may also be obtained through circular resolutions.

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 2013 is set out as follows:

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

* By invitation

(1) Mr Goi Kok Neng was appointed as a Non-Executive Director on 15 May 2013.
(2) Mr Chua Ser Miang was appointed as an Independent Director on 23 September 2013.
(3) Professor Tan Cheng Han was appointed as a Non-Executive Director on 23 September 2013.

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

Corporate Governance Report

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 China.

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 Board Meetings. Directors and senior executives 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

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. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board comprises eight (8) Directors of whom two (2) are Executive Directors, two (2) are Non-Executive Directors and four (4) are Independent Directors. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group.

At the Company's forthcoming AGM to be held on 30 October 2013, Mr Soh Beng Keng and Mr Sim Yong Chan, who are due for rotation this year pursuant to Article 91 of the Company's Articles of Association have indicated their intention to retire from the Board and not to seek re-election.

The list of Directors is as follow:

Executive Directors

Mr Chen Qiuhai	Executive Chairman and Chief Executive Officer ("CEO")
Mr Chen Qisheng	Executive Director

Non-Executive Directors

Mr Soh Beng Keng	Lead Independent Director (To retire from the Board at the forthcoming AGM to be held on 30 October 2013)
Mr Sim Yong Chan	Independent Director (To retire from the Board at the forthcoming AGM to be held on 30 October 2013)
Mr Chang Feng-chang	Independent Director (Re-designated on 21 August 2013)
Mr Goi Kok Neng	Non-Executive Director (Appointed on 15 May 2013)
Mr Chua Ser Miang	Independent Director (Appointed on 23 September 2013)
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. After taking into accounts of the retirement of Mr Soh Beng Keng and Mr Sim Yong Chan, the Board has examined its size and is of the view that the Board size of six (6) Directors of which two (2) are Independent Directors and two (2) are Non-Executive Director, is appropriate and effective, taking into account the nature and scope of the Group's operations.

Corporate Governance Report

The current 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 Company'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 Company.

The independence of each Director will be reviewed on an annual basis by the NC in accordance with the Code's definition of what constitutes an Independent Director. The NC is of the view that the four (4) Independent Directors (who represent at least one-third of the Board) are independent 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.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

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

Mr Chen Qiuhai, the founder of the Group, is the Executive Chairman and CEO of the Company. 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, 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 Qiuhai together with the Management comprising the general managers and key senior 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 Qiuhai, 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 Directors.

In view of Mr Chen Qiuhai's concurrent appointment as the Executive Chairman and the CEO, Mr Soh Beng Keng has been appointed as Lead Independent Director of the Company pursuant to the recommendation in Guideline 3.3 of the Code. The Lead Independent Director will lead and coordinate 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 Chief Financial Officer have failed to resolve or for which such contact is inappropriate.

Corporate Governance Report

Board Membership

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

The NC comprises six (6) Non-Executive Directors and the members of the NC are:

Mr Sim Yong Chan	Chairman
Mr Soh Beng Keng	Member
Mr Chang Feng-chang	Member
Mr Goi Kok Neng	Member
Mr Chua Ser Miang	Member
Professor Tan Cheng Han	Member

In accordance with the definition in the Code, the Chairman of the NC is not associated with any substantial shareholder of the Company.

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;

- regularly 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 review Board succession plan for Directors, in particular for the Chairman and the CEO and the progressive renewal of the Board;

- determine the independence of Directors on an annual basis in accordance with Guideline 2.1 of the Code;

- make recommendations on the re-appointment to the Board for the continuation (or not) in services of any Director who has reached the age of seventy (70) years;

- 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 and other principal commitments;

- 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

- develop a process for evaluation of the performance of the Board and propose objective performance criteria.

Article 91 of the Articles of Association of the Company require the number nearest to one-third of the Directors to retire by rotation and subject themselves to re-election by shareholders at the Annual General Meeting ("AGM") of the Company. It was also provided in the Articles of Association of the Company that additional Directors appointed during the year shall hold office only until the next AGM of the Company and shall then be eligible for re-election at that AGM of the Company.

Corporate Governance Report

The dates of initial appointment and last re-election of each Director 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 Qiuhai	Chairman	8 February 2010	29 October 2012
Mr Chen Qisheng	Director	17 September 2010	28 December 2011 (Up for re-election at the AGM to be held on 30 October 2013)
Mr Chang Feng-chang	Director	17 September 2010	29 October 2012
Mr Soh Beng Keng	Director	17 September 2010	28 December 2011 (To retire from the Board at the forthcoming AGM to be held on 30 October 2013)
Mr Sim Yong Chan	Director	17 September 2010	29 April 2011 (To retire from the Board at the forthcoming AGM to be held on 30 October 2013)
Mr Goi Kok Neng	Director	15 May 2013	(Up for re-election at the AGM to be held on 30 October 2013)
Mr Chua Ser Miang	Director	23 September 2013	(Up for re-election at the AGM to be held on 30 October 2013)
Professor Tan Cheng Han	Director	23 September 2013	(Up for re-election at the AGM to be held on 30 October 2013)

Although the Non-Executive Directors hold directorships in other listed companies, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would contribute their invaluable experience to the Board and give it a broader perspective.

The Board has accepted the NC's nomination of the retiring Directors who have given their consent for re-election at the Company's forthcoming AGM of the Company. The retiring Directors are Mr Goi Kok Neng, Mr Chua Ser Miang and Professor Tan Cheng Han who will retire pursuant to Article 97 of the Company's Articles of Association.

At the Company's forthcoming AGM to be held on 30 October 2013, Mr Soh Beng Keng and Mr Sim Yong Chan, who are due for rotation this year pursuant to Article 91 of the Company's Articles of Association have indicated their intention to retire from the Board and not to seek re-election.

The NC has assessed the independence of Mr Soh Beng Keng, Mr Sim Yong Chan, Mr Chang Feng-chang and Mr Chua Ser Miang, and is satisfied that there are no relationships which would deem them not to be independent.

Corporate Governance Report

Board Performance

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

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 size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the Management 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.

The NC is of the view that each individual Director has contributed to the effectiveness of the Board as a whole. During the financial year, the NC has conducted the assessment by preparing a performance evaluation questionnaire to be completed by each Director, of which were then collated and the findings were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. The results of the NC's assessment for the financial year ended 30 June 2013 has been communicated to and accepted by the Board.

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

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 at all times. The Company Secretary or his representative(s) 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 Management keeps the Board informed of the Company'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 each Board meeting. In addition, all other relevant information on material events and transactions are circulated by electronic mail and facsimile to the Directors for review and approval. The key management staff may be invited to attend the Board and the AC meetings to answer queries and to provide insights into its Group's operations.

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

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

Corporate Governance Report

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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 r*emuneration.

The RC comprises six (6) Non-Executive Directors and the members of the RC are:

Mr Sim Yong Chan	Chairman
Mr Soh Beng Keng	Member
Mr Chang Feng-chang	Member
Mr Goi Kok Neng	Member
Mr Chua Ser Miang	Member
Professor Tan Cheng Han	Member

The key roles of the RC are:

- review and recommend to the Board, a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment of each Director and key management personnel;
- review and recommend to the Board the grant of Share Award Schemes or any 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, 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 and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Director's and key management's personnel's performance;
- the remuneration packages of employee related to Executive 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 and Guidelines 8.1 to 8.4 of the Code.

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 own remuneration.

Each member of the RC shall abstain from making any recommendation on or voting on any resolutions in respect of his own remuneration package, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

Corporate Governance Report

Level and Mix of Remuneration

Principle 8: *The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.*

In setting remuneration packages, the RC takes into consideration prevailing economic situation, pay and employment conditions within the similar industry and in comparable companies. 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 Directors. The Company submits the quantum of Directors' fees of each year to the shareholders for approval at each AGM of the Company.

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

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

Service Agreement for the Executive Chairman and 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 CEO which had been due for renewal on 7 October 2013 had been extended to another period of three (3) years unless otherwise terminated by either party giving not less than six (6) months' notice in writing to the other.

Disclosure on Remuneration

Principle 9: *Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.*

A breakdown of the remuneration of the Directors and key executives (who are not Directors), in percentage terms showing the level and mix, for the financial year ended 30 June 2013 falling within the broad bands are set out below:

Corporate Governance Report

	Remuneration Band S$	Salary and other employee benefits %	Bonus %	Directors' Fees[(1)] %	Total %
Directors					
Chen Qiuhai[(2)]	<250,000	100	–	–	100
Chen Qisheng	<250,000	98	2	–	100
Chang Feng-chang	<250,000	–	–	100	100
Soh Beng Keng	<250,000	–	–	100	100
Sim Yong Chan	<250,000	–	–	100	100
Goi Kok Neng[(3)]	<250,000	–	–	100	100
Chua Ser Miang[(4)]	N/A	N/A	N/A	N/A	N/A
Professor Tan Cheng Han[(5)]	N/A	N/A	N/A	N/A	N/A
Key Executives					
Yang Lin	<250,000	100	–	–	100
Chen Qiufa	<250,000	97	3	–	100
Liu Liping	<250,000	99	1	–	100
Huang Ting	<250,000	99	1	–	100
Fang Shuzhen	<250,000	99	1	–	100

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

(2) Mr Chen Qiuhai 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 Goi Kok Neng was appointed as a Non-Executive Director on 15 May 2013. The payment of Director's fee was on a pro rata basis to Mr Goi for the financial year ended 30 June 2013.

(4) Mr Chua Ser Miang was appointed as an Independent Director on 23 September 2013.

(5) Professor Tan Cheng Han was appointed as a Non-Executive Director on 23 September 2013.

Saved as disclosed, there is no employee of the Group who is an immediate family member of any Director or the CEO or a controlling shareholder and whose remuneration has exceeded S$150,000 for the financial year ended 30 June 2013.

The RC has reviewed and approved the remuneration packages of the Directors and key executives, 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 executives are adequately but not excessively remunerated.

Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

The Company has existing share incentives schemes, namely, Yamada Green Resources Employee Share Option Scheme and Yamada Green Resources Performance Share Plan (the "Schemes") as long term incentive schemes for the Company's executives, including Directors and employees of the Group, whose services are vital to the Group's well-being and successes. 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 pages 40 and 41 of this Annual Report.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Accountability

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

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 Company's affairs, whilst preserving the commercial interests of the Company.

The Management provides the Board on a quarterly basis, 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.

Audit Committee

Principle 11: The Board should establish an Audit Committee with the written terms of reference which clearly set out its authority and duties.

The AC comprises five (5) Non-Executive Directors and the members of the AC are:

Mr Soh Beng Keng	Chairman
Mr Sim Yong Chan	Member
Mr Chang Feng-chang	Member
Mr Chua Ser Miang	Member
Professor Tan Cheng Han	Member

The AC meets regularly with the Group's external and internal auditors and the Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

The AC also monitors proposed changes in accounting policies, reviews the internal audit functions and discusses the accounting implications of major transactions. In addition, it advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its 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 and monitor significant financial reporting issues and judgment to ensure the integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards used by the Company and its Group;

- review the adequacy and effectiveness of the Company's risk management of internal controls addressing financial, operational, compliance and information technology controls;

Corporate Governance Report

- review whether the external and internal auditors have met the agreed audit plan, and understanding the reasons for any changes, including changes in perceived audit risks, and the work undertaken by the external auditors to address those risks;

- assessing the accuracy of the internal and external auditors in their handling of the key accounting and identified audit judgments, their responding to questions from the AC, and their commentary on the systems of internal control;

- review any formal announcements relating to the Company's financial performance;

- discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors and the internal auditors where necessary;

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

- recommend to the Board on selection, appointment, re-appointment, removal and resignation of the external auditors;

- review interested person transactions to consider whether they are on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders;

- review potential conflicts of interest;

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

- undertake such other reviews and projects as may be requested by the Board;

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

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

Before any agreement or arrangement that is not in the ordinary course of business of the Group is transacted, prior approval must be obtained from the AC. In the event that a member of the AC is interested in any interested person transactions, he shall abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the AC.

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

The AC meets with the external and internal auditors, each separately without the presence of the Management, annually. The AC reviews the findings from the auditors and the assistance given to the auditors by the Management. As at the date of this report, the AC met once with the external auditors without the presence of the Management.

Corporate Governance Report

The external auditors, during their course of audit, will evaluate the effectiveness of the Company's accounting internal controls and report to the AC, together with their recommendations, any material weakness and non-compliance of the internal controls. The AC has reviewed the external and internal audit reports and based on the controls in place, is satisfied that there are adequate internal controls in the Group.

The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, which comprise tax advisory services and is satisfied that the nature and extent of such services will not prejudice and affect the independence and objectivity of the external auditors.

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 715 of the SGX-ST's Listing Manual.

The AC will undertake a review of the scope of services provided by the external auditors, the independence and the objectively 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's audit, the size and complexity of the Group. 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 that Messrs BDO LLP be nominated for re-appointment as external 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.

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. As at the date of this report, there was no report received through the whistle-blowing mechanism.

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.

In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction and voting on that particular resolution.

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.

Corporate Governance Report

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

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 Company's assets and in this regard, is assisted by the AC which conducts the reviews.

The Company's internal auditors had conducted appropriate reviews to ensure that the system of internal controls maintained by the Group's Management is adequate. The AC, with the assistance of the internal auditors, have reviewed, and the Board is satisfied that the system of internal controls maintained by the Group's Management throughout the financial year ended 30 June 2013 up to the date of this report is adequate to meet the needs of the Group in its current business environment.

Relying on the reports from the internal and external auditors and management representation letters, the AC carried out assessment of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

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

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

In compliance with Rule 1207(10), the Board with the concurrence of the AC, is of the opinion that the Company has a robust and effective internal controls system and the system is adequate to address the financial, operational and compliance risks maintained by the Group during the financial year, based on the various management controls in place, the reports from the internal and external auditors, reviews conducted by the Management and the management representation letter.

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 systems and risk managements systems 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.

Corporate Governance Report

Internal Audit

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

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 Company's assets.

The Company has outsourced its internal audit functions of the Group to a professional accounting firm to perform the review and test of controls of its processes. The appointed internal auditors meets the professional standards set out in the Code and reports directly to the AC on internal audit matters.

The internal auditors are responsible for evaluating the 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 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 internal controls within the Group.

The AC, on an annual basis, will assess the effectiveness of the internal audit by examining the scope of the internal audit work and its independence, the internal auditors' reports and its relationship with the external auditors to ensure that the internal auditors has the necessary resources 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.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company believes that a high standard of disclosure is key to raise the level of corporate governance. Quarterly results and news releases are published through the SGXNet. All information of the Company's new initiatives is first disseminated via SGXNet followed by a news release. In addition, the Company also holds analysis briefing of its quarterly and full year financial results.

The Company does not practice selective disclosure. Price sensitive information is publicly released and financial results and annual reports are announced or issued within the mandatory period and are available on the Company's website at http://www.yamada-green.com which provides, inter-alia, corporate announcements, press releases and the latest financial results as disclosed by the Company on SGXNet.

A copy of the Annual Report will be sent to every shareholder. The Notice of AGM is advertised in the press and released via SGXNet. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions on each distinct issue are proposed at general meetings for approval.

In accordance with the Articles of Association of the Company, shareholders may appoint one (1) or two (2) proxies to attend and vote at general meetings in their absence. All shareholders are allowed to vote in person or by proxy. Central Provident Fund investors of the Company's securities may attend shareholders' meetings as observers provided they have registered to do so with the agent banks within the specified time frame.

Corporate Governance Report

The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. The Chairman of the AC, NC and RC of the Company are usually available at the general meetings to answer questions from the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

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 edible fungi 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 Company embarked on voluntarily sustainability reporting on an annual basis as an integral part of good corporate governance. The practice of systematic sustainability reporting has thus improved stakeholders communications by providing an additional dimension beyond financial performance of the Group.

DEALINGS IN SECURITIES

The Group has adopted its own internal Code of Best Practices on dealing in securities by setting out the implications of insider trading and its regulations with regard to dealings in the Company's securities by its Directors and officers, that is modelled, with some modifications, on Rule 1207(19) of the Listing Manual of the SGX-ST. The Group's Code of Best Practices provides guidance for Directors, officers and employees on their dealings in the Company's securities.

The Group's Code of Best Practices prohibits the Directors, key executives and employees who have access to unpublished material price sensitive information from dealing in Company's securities. They are advised not to deal in the Company's securities during the period commencing two (2) weeks immediately preceding the announcement of the Company's quarterly financial results and one (1) month immediately preceding the announcement of the Company's full year financial results and ending on the date of announcement of such results on the SGX-ST, or when they are in possession of the unpublished price sensitive information of the Group. In addition, the Directors, key executives and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short term considerations.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control procedures to ensure the transactions with interested persons are properly reviewed and approved by the AC and 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 between the Company and any of its interested person (Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) subsisting for the financial year ended 30 June 2013.

The Company does not have any shareholders' mandate for interested person transactions.

MATERIAL CONTRACTS

Save as disclosed in the financial statements, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interests of the CEO, any Director or the controlling shareholder during the financial year ended 30 June 2013.

Corporate Governance Report

RISK MANAGEMENT

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, the external auditors carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls. Material non-compliance and internal control weaknesses noted during their audit are reported to the AC together with their recommendations. The Management will follow up on the auditors' recommendations so as to strengthen the Group's risk management procedures.

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 85 to 87.

USE OF PLACEMENT SHARES PROCEEDS

The net proceeds from the issuance of placement shares of approximately RMB47.1 million have been earmarked and will be utilised for future acquisition and expansion of the Company, as well as general working capital. To date, we have utilised approximately RMB15.0 million for general working capital purpose and approximately RMB20.0 million for progressive payment of construction of the Research and Development Centre at Houyu Food Industry Zone, Jiangxi Town, Minhou County, Fuzhou City, Fujian Province, PRC. The Company will make separate announcement when the remaining proceeds are materially disbursed.

Corporate Social Responsibility

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 have the support of the local communities and government agencies. We believe that our initiatives and emphasis on returning to the community and looking after the welfare of our staff have translated into goodwill for our Group, contributing to high employee retention rate and staff morale.

Environmental Policy

We share our customers' commitment to the environment and we believe in the importance of caring for our planet working with and encouraging others to do the same. As a company that relies on agricultural products, it makes good business sense and as people living in the world, it is simply the right thing to do.

Commitment to Sustainable Development

Our Directors recognised the importance of being a responsible steward of the land we manage. With this in mind, the Company has established a CSR policy which included 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 standards;

(c) to review the social impact of the Group's business practices in the communities that it operates in;

(d) to review and recommend policies and practices with regard to key stakeholders (suppliers, customers and employees); 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 community in which it operates. It is committed to being a deeply responsible company in the communities with the following core values in all aspects of its work, including the fulfilment of its social responsibility, 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.

Corporate Social Responsibility

Toward Sustainability Strategies

The Company will seek to achieve corporate and social objectives by focusing on four (4) 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.

The CSR and commitments are integral to the Company's overall business strategy. As a result, the Company believes it delivers benefits to the Company and its stakeholders, including employees, business partners, customers, suppliers, shareholders, community members and others.

The Company will, as and when necessary, provide updates on the status of its implementation of its CSR policy in the annual reports of the Company.

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 2013 and the statement of financial position of the Company as at 30 June 2013.

1. Directors

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

Mr Chen Qiuhai	
Mr Chen Qisheng	
Mr Chang Feng-chang	
Mr Soh Beng Keng	
Mr Sim Yong Chan	
Mr Goi Kok Neng	(Appointed on 15 May 2013)
Professor Tan Cheng Han	(Appointed on 23 September 2013)
Mr Chua Ser Miang	(Appointed on 23 September 2013)

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 registered in name of Director or nominee		Shareholdings in which Director is deemed to have an interest	
	Balance as at 1.7.2012	Balance as at 30.6.2013	Balance as at 1.7.2012	Balance as at 30.6.2013
<u>Company</u>				
Yamada Green Resources Limited	Number of ordinary shares			
Chen Qiuhai	–	–	285,214,023	236,618,023[(1)]
Chen Qisheng	–	–	600,000	1,200,000[(2)]
Chang Feng-chang	–	–	200,000	400,000[(3)]

(1) Chen Qiuhai is deemed interested in 236,618,023 shares in the capital of the Company which are held by Sanwang International Holdings Limited through its nominee, UOB Kay Hian Pte Ltd.

(2) Chen Qisheng is deemed interested in 1,200,000 shares in the capital of the Company which are held by Tower Bay Holdings Limited through its nominee, UOB Kay Hian Pte Ltd.

(3) Chang Feng-chang is deemed interested in 400,000 shares in the capital of 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. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 July 2013 in the shares of the Company have not changed from those disclosed as at 30 June 2013.

Report of the Directors

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.

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 Sim Yong Chan, Mr Soh Beng Keng, Mr Chang Feng-chang, Mr Goi Kok Neng, 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.

Report of the Directors

5. Share options and performance shares (Continued)

The awards granted under the Plan are as follows:

Name of participant	Conditional awards granted during the financial year ended 30.6.2013 ('000)	Awards released during the financial year ended 30.6.2013 ('000)	Aggregate conditional awards granted since commencement of the Plan to 30.6.2013 ('000)	Aggregate awards released since commencement of the Plan to 30.6.2013 ('000)
Director of the Company				
Chen Qisheng	0	600	0 – 3,000	1,200
Group Executives	0	4,730	0 – 22,000	8,470

6. Audit committee

The Audit Committee of the Company, consisting all Non-Executive Directors, is chaired by Mr Soh Beng Keng, Lead Independent Director, and includes Mr Sim Yong Chan, Mr Chua Ser Miang, Mr Chang Feng-chang, Independent Directors 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 auditors' 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 auditors 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 auditors of the Company at the forthcoming Annual General Meeting.

Report of the Directors

7. Auditors

The auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Chen Qiuhai
Director

Chen Qisheng
Director

30 September 2013

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 2013 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

Chen Qiuhai
Director

Chen Qisheng
Director

30 September 2013

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 46 to 88, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2013, 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 2013 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Independent Auditor's Report

To the Members of Yamada Green Resources Limited

Report on Other Legal and Regulatory Requirements

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
30 September 2013

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2013

		Group	
		2013	2012
	Note	RMB'000	RMB'000
Revenue	4	509,170	553,331
Cost of sales		(395,922)	(345,034)
Gross profit		113,248	208,297
Other items of income			
Interest income		57	195
Other income	5	5,104	6,547
Gain from changes in fair value of biological assets	13	2,396	–
Other items of expense			
Selling and distribution expenses		(7,448)	(8,801)
Administrative expenses		(22,849)	(31,797)
Other expenses	6	(13,166)	(6,862)
Loss from changes in fair value of biological assets	13	–	(28,240)
Finance cost	7	(28)	–
Profit before income tax	8	77,314	139,339
Income tax (expense)/credit	10	(8,124)	138
Profit for the financial year		69,190	139,477
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		–	(2,515)
Income tax relating to components of other comprehensive income		–	–
Other comprehensive income for the financial year, net of tax		–	(2,515)
Total comprehensive income for the financial year		69,190	136,962
Profit attributable to:			
Owners of the parent		69,190	139,477
Total comprehensive income attributable to:			
Owners of the parent		69,190	136,962
Earnings per share (RMB cents)	11		
- Basic		15.7	34.2
- Diluted		15.2	32.5

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

Statements of Financial Position

As at 30 June 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	12	54,157	35,217	3	7
Biological assets	13	166,866	188,922	–	–
Land use rights	14	100,741	80,225	–	–
Investments in subsidiaries	15	–	–	117,266	92,121
Prepayments	16	72,895	52,173	–	–
Deferred tax assets	21	1,847	–	–	–
Total non-current assets		396,506	356,537	117,269	92,128
Current assets					
Biological assets	13	32,186	100	–	–
Inventories	17	16,325	15,136	–	–
Trade and other receivables	18	228,123	185,880	72,310	47,335
Cash and bank balances	19	21,108	14,280	10,692	2,869
Total current assets		297,742	215,396	83,002	50,204
Less:					
Current liabilities					
Trade and other payables	20	19,740	19,675	1,172	1,094
Current income tax payable		3,849	2,384	–	–
Total current liabilities		23,589	22,059	1,172	1,094
Net current assets		274,153	193,337	81,830	49,110
Non-current liability					
Deferred tax liability	21	(3,711)	(3,582)	–	–
Net assets		666,948	546,292	199,099	141,238
Equity					
Share capital	22	186,092	138,692	186,092	138,692
Share-based payment reserve	24	6,395	6,632	6,395	6,632
Statutory reserve	25	55,141	47,988	–	–
Foreign currency translation account	26	–	(1,143)	–	(2,876)
Accumulated profits/(losses)		419,320	354,123	6,612	(1,210)
Total equity attributable to owners of the parent		666,948	546,292	199,099	141,238

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2013

Group	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
	Attributable to owners of the parent					
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)	(4,242)	(61)	–	1,143	3,160	–
Profit for the financial year, representing total comprehensive income for the financial year	–	–	–	–	69,190	69,190
Contributions by and distributions to owners of the parent						
Issue of placement shares	48,779	–	–	–	–	48,779
Share issue expenses	(1,692)	–	–	–	–	(1,692)
Share-based payments	4,555	(176)	–	–	–	4,379
Transfer to statutory reserve	–	–	7,153	–	(7,153)	–
Total contributions by and distributions to owners	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
Balance as at 1.7.2011	135,176	2,077	31,385	1,372	231,249	401,259
Profit for the financial year	–	–	–	–	139,477	139,477
Other comprehensive income for the financial year						
- Currency translation differences	–	–	–	(2,515)	–	(2,515)
Total comprehensive income for the financial year	–	–	–	(2,515)	139,477	136,962
Contributions by and distributions to owners of the parent						
Share-based payments	3,516	4,555	–	–	–	8,071
Transfer to statutory reserve	–	–	16,603	–	(16,603)	–
Total contributions by and distributions to owners	3,516	4,555	16,603	–	(16,603)	8,071
Balance as at 30.6.2012	138,692	6,632	47,988	(1,143)	354,123	546,292

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2013

	Group	
	2013	2012
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax	77,314	139,339
Adjustments for:		
Amortisation of biological assets	234,546	187,122
Amortisation of land use rights	2,485	1,698
Amortisation of prepayments	16,216	12,400
Depreciation of property, plant and equipment	6,891	5,484
Interest income	(57)	(195)
Interest expense	28	–
(Gain)/Loss from changes in fair value of biological assets	(2,396)	28,240
Gain on disposal of property, plant and equipment	(56)	–
Plant and equipment written off	–	324
Share-based payment expenses	4,379	8,071
Operating cash flows before working capital changes	339,350	382,483
Working capital changes:		
Biological assets	(242,180)	(187,122)
Inventories	(1,189)	1,483
Trade and other receivables	(39,624)	(38,835)
Trade and other payables	65	6,841
Cash generated from operations	56,422	164,850
Interest received	57	195
Income taxes paid	(8,377)	(7,799)
Net cash from operating activities	48,102	157,246
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	56	–
Purchase of property, plant and equipment	(25,831)	(22,118)
Purchase of biological assets	–	(94,212)
Purchase of land use rights	(23,001)	(37,515)
Prepayments	(39,557)	(21,060)
Net cash used in investing activities	(88,333)	(174,905)
Cash flows from financing activities		
Proceeds from issuance of placement shares	48,779	–
Expenses related to issuance of placement shares	(1,692)	–
Proceeds from bank loan	10,000	–
Repayment of loan	(10,000)	–
Interest paid	(28)	–
Currency translation differences on financing activities	–	(2,204)
Net cash generated from/(used in) financing activities	47,059	(2,204)
Net change in cash and bank balances	6,828	(19,863)
Cash and bank balances at the beginning of the financial year	14,280	34,454
Effect of foreign exchange rate changes in cash and bank balances	–	(311)
Cash and bank balances at the end of the financial year (Note 19)	21,108	14,280

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

Notes to the Financial Statements

For the financial year ended 30 June 2013

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 6 Battery Road, #10-01, Singapore 049909.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

In the previous financial year, the Company's immediate and ultimate holding company was Sanwang International Holdings Limited ("Sanwang"), a company incorporated in the British Virgin Island and wholly-owned by the Executive Chairman and Chief Executive Officer, Chen Qiuhai.

During the financial year, Sanwang has ceased to be the immediate and ultimate holding company.

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 2013 were authorised for issue by the Board of Directors on 30 September 2013.

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.

During the financial year, the Company changed its functional currency to RMB from Singapore dollar. This is because the RMB is the currency mainly influences sales prices for services (being the currency in which sales prices for its services are denominated and settled).

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.

Notes to the Financial Statements

For the financial year ended 30 June 2013

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 (Revised)	Employee benefits	1 January 2013
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 101 (Amendments)	Government loans	1 January 2013
FRS 107 (Amendments)	Offsetting financial assets and financial liabilities	1 January 2013
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 113	Fair value measurement	1 January 2013
FRS 110, FRS 112 and FRS 27 (Amendments)	Investment entities	1 January 2014
Improvements to FRSs 2012		1 January 2013
FRS 1 (Amendments)	Presentation of financial statements	
FRS 16 (Amendments)	Property, plant and equipment	
FRS 32 (Amendments)	Financial instruments: presentation	
Interpretations of FRSs		
INT FRS 121	Levies	1 January 2014

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

Except as disclosed below in relation to FRS 110, FRS 27, FRS 112 and FRS 113, 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.

Notes to the Financial Statements

For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

<u>FRS and INT FRS issued but not yet effective</u> (Continued)

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.

FRS 113 Fair Value Measurements

FRS 113 provides guidance on how to measure fair values including those for both financial and non-financial items and introduces significantly enhanced disclosure about fair values. It does not address or change the requirements on when fair values should be used. When measuring fair value, an entity is required to use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. It establishes a fair value hierarchy for doing this. This FRS is to be applied for annual periods beginning on or after 1 January 2013.

The Group does not expect that the adoption of FRS 113 will have any impact on the financial position or financial performance of the Group, however there may be changes to disclosures in the financial statements.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group'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. Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2013

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.

Notes to the Financial Statements

For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.3 Revenue recognition (Continued)

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.

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 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.

2.6 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.

2.7 Operating leases

Prepaid leases

The Group leases farmland and bamboo plantations under operating leases and the leases run for a period of 3 to 21 years and 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 is included in cost of sales line of the consolidated statement of comprehensive income.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.8 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 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.

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.

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

Notes to the Financial Statements

For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.8 Taxes (Continued)

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 for 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.

2.9 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.

2.10 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.

In the previous financial year, for the purpose of presenting consolidated financial statements of the Group and the statement of financial position of the Company, the results and financial position of the Company which has a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities presented are translated at the closing exchange rate at the end of the financial year;

(ii) income and expenses are translated at average exchange rate for the financial year (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in the foreign currency translation (account)/reserve in equity.

Notes to the Financial Statements

For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.11 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 assets over their useful lives, using 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. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

Notes to the Financial Statements

For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.12 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.

2.13 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.

2.14 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets (other than inventories) 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. 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.

Notes to the Financial Statements

For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.15 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.

2.16 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 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 method, except for short-term receivables when the recognition of interest would be immaterial.

The loans and receivables in the statements of financial position comprise trade and other receivables (other than prepayments) 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.

Notes to the Financial Statements

For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade and other 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.

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.

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.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial liabilities (Continued)

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.

2.17 Cash and bank balances

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

2.18 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.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2013

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

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 2013 were approximately RMB54,157,000 (2012: RMB35,217,000) and RMB3,000 (2012: RMB7,000) 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 2013 were approximately RMB188,510,000 (2012: RMB170,373,000) and RMB72,276,000 (2012: RMB47,301,000) respectively.

(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 2013 was approximately RMB3,849,000 (2012: RMB2,384,000). The carrying amount of the Group's deferred tax assets as at 30 June 2013 was RMB1,847,000 (2012: RMB Nil).

Notes to the Financial Statements

For the financial year ended 30 June 2013

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

3.2 Key sources of estimation uncertainty (Continued)

(iv) Withholding tax on undistributed profits

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 2013 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 2013 was approximately RMB3,711,000 (2012: RMB3,582,000).

(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 2013 was approximately RMB166,866,000 (2012: RMB188,922,000). 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.

4. Revenue

	Group	
	2013	2012
	RMB'000	RMB'000
Self-cultivated edible fungi	354,819	392,156
Processed food products	154,351	161,175
	509,170	553,331

Notes to the Financial Statements

For the financial year ended 30 June 2013

5. Other income

	Group	
	2013	2012
	RMB'000	RMB'000
Commission income	4,200	4,189
Foreign exchange gain, net	–	2,132
Government grants and subsidies	684	195
Gain on disposal of property, plant and equipment	56	–
Miscellaneous income	164	31
	5,104	6,547

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

6. Other expenses

	Group	
	2013	2012
	RMB'000	RMB'000
Amortisation of bamboo land lease	989	–
Amortisation of prepaid maintenance cost	9,363	6,535
Foreign exchange loss, net	2,809	–
Miscellaneous expenses	5	3
Plant and equipment written off	–	324
	13,166	6,862

7. Finance cost

	Group	
	2013	2012
	RMB'000	RMB'000
Interest expenses on bank loan	28	–

The wholly-owned subsidiary, Wangcheng has drawdown a bank loan on 13 December 2012 and bears an effective interest rate of 7.2% per annum. The bank loan has been repaid on 27 December 2012.

Notes to the Financial Statements

For the financial year ended 30 June 2013

8. Profit before income tax

The above is arrived at after charging:

	Group 2013 RMB'000	Group 2012 RMB'000
Cost of sales		
Amortisation of biological assets	234,546	187,122
Amortisation of prepaid lease of farmland	3,396	3,389
Cost of inventories recognised as expense	93,220	94,257
Depreciation of property, plant and equipment	4,963	3,728
Operating lease expenses - warehouse	12	12
Selling and distribution expenses		
Amortisation of prepaid other operating expenses	2,401	2,401
Carriage outwards	368	392
Consultancy fees	–	440
Freight charges	510	1,361
Administrative expenses		
Amortisation of prepaid lease of farmland	67	75
Amortisation of land use rights	2,485	1,698
Audit fees		
- auditors of the Company	673	1,020
- other auditors	482	130
Non-audit fees		
- auditors of the Company	12	10
Depreciation of property, plant and equipment	1,928	1,756
Research expenses	301	1,056
Operating lease expenses – office premises	75	236

9. Employee benefits expense

	Group 2013 RMB'000	Group 2012 RMB'000
Salaries and related costs	17,258	18,195
Contributions to defined contribution plans	3,781	3,821
Share-based payment expenses	4,379	8,071
	25,418	30,087

Notes to the Financial Statements

For the financial year ended 30 June 2013

9. Employee benefits expense (Continued)

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

	Group	
	2013	2012
	RMB'000	RMB'000
Cost of sales	9,223	9,155
Selling and distribution expenses	3,841	3,569
Administrative expenses	12,354	17,363
	25,418	30,087

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

10. Income tax expense/(credit)

	Group	
	2013	2012
	RMB'000	RMB'000
Current financial year		
- current income tax	9,842	8,359
- deferred tax	(1,718)	(8,497)
Total income tax expense/(credit) recognised in profit or loss	8,124	(138)

The income tax expense varied from the amount of income tax expense determined by applying the PRC income tax rate of 25% (2012: 25%) to profit before income tax as a result of the following differences:

Reconciliation of effective tax rate

	Group	
	2013	2012
	RMB'000	RMB'000
Profit before income tax	77,314	139,339
Income tax calculated at the applicable tax rate of 25% (2012: 25%) in PRC where the Group's taxable income is mainly derived	19,328	34,835
Tax effect of expenses not deductible for tax purposes	878	2,398
Tax effect of income not subject to tax	(12,072)	(28,838)
Withholding tax on unremitted earnings of subsidiaries	129	(8,497)
Tax exemption	(133)	–
Others	(6)	(36)
	8,124	(138)

Notes to the Financial Statements

For the financial year ended 30 June 2013

10. Income tax expense/(credit) (Continued)

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 intial 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 Jan 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")

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

(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")

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

Notes to the Financial Statements

For the financial year ended 30 June 2013

11. 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	
	2013	2012
	RMB'000	RMB'000
Profit for the financial year attributable to owners of the parent	69,190	139,477
Weighted average (2012: weighted average) number of ordinary shares for calculation of basic earnings per share	440,995,842	408,041,842
Adjustment for dilutive effect of the Yamada Green Resources Performance Share Plan (the "Plan")	15,330,000	20,660,000
Weighted average number of ordinary shares for calculation of diluted earnings per share	456,325,842	428,701,842
Earnings per share (RMB cents)		
- Basic	15.7	34.2
- Diluted	15.2	32.5

Basic earnings per share was computed based on the weighted average number of ordinary shares in issue of 440,995,842 (2012: 408,041,842). The weighted average number of ordinary shares represents the number of ordinary shares 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.

12. 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
Cost								
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
Accumulated depreciation								
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
Carrying amount								
Balance as at 30.6.2013	24,992	297	355	8,359	64	6,502	13,588	54,157
Cost								
Balance as at 1.7.2011	12,870	2,053	615	15,845	17	6,347	–	37,747
Additions	–	70	201	1,680	4	10,583	9,580	22,118
Disposals	(35)	–	(32)	(603)	–	(3,423)	–	(4,093)
Balance as at 30.6.2012	12,835	2,123	784	16,922	21	13,507	9,580	55,772
Accumulated depreciation								
Balance as at 1.7.2011	4,505	1,691	463	8,086	11	4,084	–	18,840
Depreciation for the financial year	614	65	63	1,219	3	3,520	–	5,484
Disposals	(12)	–	(30)	(304)	–	(3,423)	–	(3,769)
Balance as at 30.6.2012	5,107	1,756	496	9,001	14	4,181	–	20,555
Carrying amount								
Balance as at 30.6.2012	7,728	367	288	7,921	7	9,326	9,580	35,217

Notes to the Financial Statements

For the financial year ended 30 June 2013

12. Property, plant and equipment (Continued)

Company	Office equipment RMB'000
Cost	
Balance as at 1.7.2012 and 30.6.2013	15
Accumulated depreciation	
Balance as at 1.7.2012	8
Depreciation for the financial year	4
Balance as at 30.6.2013	12
Carrying amount	
Balance as at 30.6.2013	3
Cost	
Balance as at 1.7.2011 and 30.6.2012	15
Accumulated depreciation	
Balance as at 1.7.2011	2
Depreciation for the financial year	6
Balance as at 30.6.2012	8
Carrying amount	
Balance as at 30.6.2012	7

Notes to the Financial Statements

For the financial year ended 30 June 2013

13. 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	
	2013	2012
	RMB'000	RMB'000
Current		
Synthetic logs		
Cost		
Balance as at the beginning of the financial year	100	100
Additions	266,632	187,122
Utilisation	(234,546)	(187,122)
Balance as at the end of the financial year	32,186	100
Accumulated amortisation		
Balance as at the beginning of the financial year	–	–
Amortisation for the financial year	234,546	187,122
Utilisation	(234,546)	(187,122)
Balance as at the end of the financial year	–	–
Carrying amount		
Balance as at the end of the financial year	32,186	100
Non-current		
Eucalyptus trees in plantation forest		
Fair value		
Balance as at the beginning of the financial year	188,922	122,950
Additions	–	94,212
Utilisation	(24,452)	–
Loss from changes in fair value	(10,475)	(28,240)
Balance as at the end of the financial year	153,995	188,922
Moso bamboos		
Fair value		
Balance as at the beginning of the financial year	–	–
Gain from changes in fair value	12,871	–
Balance as at the end of the financial year	12,871	–
Carrying amount		
Balance as at the end of the financial year	166,866	188,922

Notes to the Financial Statements

For the financial year ended 30 June 2013

13. Biological assets (Continued)

Quantity and sales of edible fungi harvested during the financial year were as follows:

	2013 RMB'000	2012 RMB'000
Quantity of edible fungi (in tonnes)	53,166	58,980
Sales of edible fungi (RMB'000)	354,819	392,156

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 eucalyptus trees and Moso bamboos in plantation forest are determined by an independent valuation firm. The fair value is determined based on the present value of expected net cash flows from the eucalyptus trees and Moso bamboos discounted at a current market-determined pre-tax rate.

Significant assumptions made in determining the fair value of the eucalyptus trees and Moso bamboo in plantation forest are as follows:

Eucalyptus trees

(i) average expected timber reserves per mu for eucalyptus at different ages are estimated based on the professional opinion expressed by independent expert through his observation of the height and diameter of these eucalyptus trees;

(ii) analysis of independent log market price obtained from markets where the eucalyptus trees are located based on diameter;

(iii) cutting area design cost, cutting cost and timber scaling cost will increase at a modest rate of 3% (2012: 3%) during the projected period after considering the long term inflation rate of 3% (2012: 3%) of PRC and the future demand and supply; and

(iv) the discount rate used for the eucalyptus trees in plantation forest which is applied in the discounted future cash flows calculation is 10.07% (2012: 10.67%).

Moso bamboos

(i) average number of qualified Moso bamboos were based on the percentage of bamboo allocated at each degree per mu (assuming percentage of bamboo with qualified diameter at breast height was 98%) for 1st degree to 5th degree, based on the professional opinion expressed by independent expert through his observation of the growing condition of these Moso bamboo;

(ii) analysis of independent market prices obtained from markets where the Moso bamboos are located based on best estimated price per ton of bamboo trees, spring bamboo shoot and winter bamboo shoot;

(iii) cutting plan for 3rd and/or 4th degree will be 40 pieces each year, and cutting cost will increase at a modest rate of 3% during the projected period after considering the long term inflation rate of 3% of PRC and the future demand and supply; and

(iv) the discount rate used for the Moso bamboos which is applied in the discounted future cash flows calculation is 10.07%.

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 2013

14. Land use rights

	Group 2013 RMB'000	Group 2012 RMB'000
Cost		
Balance as at the beginning of the financial year	83,940	46,425
Additions	23,001	37,515
Balance as at the end of the financial year	106,941	83,940
Accumulated amortisation		
Balance as at the beginning of the financial year	3,715	2,017
Amortisation for the financial year	2,485	1,698
Balance as at the end of the financial year	6,200	3,715
Carrying amount		
Balance as at the end of the financial year	100,741	80,225

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 21.5 to 51.8 years (2012: 22.5 to 43.5 years).

15. Investments in subsidiaries

	Company 2013 RMB'000	Company 2012 RMB'000
Unquoted equity capitalised, at cost	117,266	94,982
Currency translation differences	–	(2,861)
	117,266	92,121

The details of the subsidiaries are as follows:

Name of subsidiary (Country of incorporation/ operation)	Principal activities	Cost of investment by the Company 2013 RMB'000	Cost of investment by the Company 2012 RMB'000	Effective equity interest 2013 %	Effective equity interest 2012 %
Held by the Company:					
Wangcheng (PRC)[(1)(2)]	Production and sales of processed foods products	103,053	86,846	100	100
Yuanwang (PRC)[(1)(2)]	Production and sales of semi-processed food products	14,213	8,136	100	100

Notes to the Financial Statements

For the financial year ended 30 June 2013

15. Investments in subsidiaries (Continued)

Name of subsidiary (Country of incorporation/ operation)	Principal activities	Cost of investment by the Company		Effective equity interest	
		2013	2012	2013	2012
		RMB'000	RMB'000	%	%
Held by Wangcheng:					
Fengwang (PRC)[(1)(3)]	Cultivation and sales of edible fungi	–	–	100	100
Senwang (PRC)[(1)(3)]	Forestry management	–	–	100	100
Kangzhimei (PRC)[(1)]	Sales of primary agricultural products	–	–	100	–
Held by Yuanwang:					
Lijiashan (PRC)[(1)]	Forestry management, cultivation and sales of edible fungi and vegetables	–	–	100	–
		117,266	94,982		

(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 2012 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 2012 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.

16. Prepayments

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid lease of farmland	75,515	43,775	–	–
Prepaid maintenance cost	4,663	14,026	–	–
Prepaid other operating expenses	32,330	9,879	34	34
Less : current portion (Note 18)	(39,613)	(15,507)	(34)	(34)
Non-current portion	72,895	52,173	–	–

Prepaid lease represents amounts paid by the Group for advance lease of farmland and bamboo plantations for a period of 2 to 19 (2012: 3 to 20) years and 15 years respectively. The Group prepaid farmland lease and bamboo plantations are approximately 5,220 mu (2012: 5,220 mu) and 11,302 mu (2012: Nil).

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 (2012: 2 to 3) years.

Notes to the Financial Statements

For the financial year ended 30 June 2013

17. Inventories

	Group 2013 RMB'000	Group 2012 RMB'000
Raw materials	8,850	8,284
Finished goods	6,412	5,619
Packing materials	1,063	1,233
	16,325	15,136

18. Trade and other receivables

	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Trade receivables	16,862	9,586	–	–
Other receivables				
- third parties	1,176	1,158	–	–
- a subsidiary	–	–	72,276	47,301
Advances to suppliers	170,472	159,629	–	–
Current portion of prepayments (Note 16)	39,613	15,507	34	34
Trade and other receivables	228,123	185,880	72,310	47,335
Add: Cash and bank balances	21,108	14,280	10,692	2,869
Less: Advances to suppliers	(170,472)	(159,629)	–	–
Less: Prepayments	(39,613)	(15,507)	(34)	(34)
Total loans and receivables	39,146	25,024	82,968	50,170

Trade receivables are non-interest bearing and generally on 30 to 90 (2012: 30 to 90) days' credit term.

The non-trade amount due from a subsidiary is 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.

Trade and other receivables are denominated in the following currencies:

	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Chinese renminbi	214,741	177,586	72,276	47,301
Japanese yen	1,411	3,355	–	–
Singapore dollar	34	34	34	34
United States dollar	11,937	4,905	–	–
	228,123	185,880	72,310	47,335

Notes to the Financial Statements

For the financial year ended 30 June 2013

19. Cash and bank balances

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	1,434	9,703	49	2,089
Japanese yen	239	191	–	–
Singapore dollar	16,378	2,483	10,306	780
United States dollar	3,057	1,903	337	–
	21,108	14,280	10,692	2,869

20. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	8,166	8,745	–	–
Other payables	9,738	6,442	–	–
Accrued expenses	1,836	4,488	1,172	1,094
Trade and other payables, representing total financial liabilities carried at amortised cost	19,740	19,675	1,172	1,094

Trade payables are non-interest bearing and are normally settled between 30 to 90 (2012: 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	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	18,568	18,581	–	–
Singapore dollar	1,172	1,094	1,172	1,094
	19,740	19,675	1,172	1,094

21. Deferred tax

	Group	
	2013	2012
	RMB'000	RMB'000
Deferred tax liabilities	3,711	3,582
Deferred tax assets	1,847	–

Notes to the Financial Statements

For the financial year ended 30 June 2013

21. Deferred tax (Continued)

Deferred tax liability

	Group	
	2013	2012
	RMB'000	RMB'000
Balance as at the beginning of the financial year	3,582	12,079
Charged/(credited) to profit or loss (Note 10)	129	(8,497)
Balance as at the end of the financial year	3,711	3,582

Deferred tax liability represents withholding tax on dividends to be distributed out of the accumulated profits of the subsidiaries.

Deferred tax assets

	Group	
	2013	2012
	RMB'000	RMB'000
Balance as at the beginning of the financial year	–	–
Credited to profit or loss (Note 10)	1,847	–
Balance as at the end of the financial year	1,847	–

Deferred tax assets represents accrued expenses of the subsidiaries.

22. Share capital

	Group and Company	
	2013	2012
	RMB'000	RMB'000
Issued and fully-paid		
410,935,175 (2012: 406,595,175) ordinary shares at the beginning of the financial year	138,692	135,176
Effects on change of functional currency	(4,242)	–
Issuance of 82,187,000 ordinary shares under placement shares, net of transaction costs	47,087	–
Issuance of 5,330,000 (2012: 4,340,000) ordinary shares under the Plan	4,555	3,516
498,452,175 (2012: 410,935,175) ordinary shares at the end of the financial year	186,092	138,692

The issued and paid up capital of S$37,415,401 (2012: S$27,057,856) is equivalent to approximately RMB186,092,000 (2012: RMB138,692,000).

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.

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For the financial year ended 30 June 2013

22. Share capital (Continued)

During the financial year, the Company issued 5,330,000 (2012: 4,340,000) ordinary shares at RMB0.85 (2012: RMB0.83) per share, as partial satisfaction of the performance shares vested as disclosed in Note 24 to the financial statements.

On 8 March 2013, the Company has issued 82,187,000 ordinary shares under placement shares 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).

The newly issued shares rank pari passu in all respects with the previously issued shares.

23. Dividends

The Board of Directors recommend a final tax-exempt dividend of approximately RMB0.013 per ordinary share amounting to RMB6,480,000 to be paid in respect of the financial year ended 30 June 2013. 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.

The Board of Directors did not recommend any dividend in respect of the financial year ended 30 June 2012.

24. Share-based payment reserve

This share-based payment reserve comprises the following:

(i) ordinary shares transferred by Sanwang to a key management 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.

The movement of the number of performance shares during the financial year was as follows:

The Group and the Company	Outstanding as 1.7.2012 ('000)	Granted ('000)	Vested ('000)	Forfeited ('000)	Outstanding and unvested as at 30.6.2013 ('000)
The Plan					
29.12.2011	15,330	–	3,750	3,750	7,830

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.

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For the financial year ended 30 June 2013

25. 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	
	2013	2012
	RMB'000	RMB'000
Balance as at the beginning of the financial year	47,988	31,385
Transferred from accumulated profits	7,153	16,603
Balance as at the end of the financial year	55,141	47,988

26. 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.

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	
	2013	2012
	RMB'000	RMB'000
Acquisition of property, plant and equipment	41,461	5,886
Purchase of synthetic logs	43,973	34,560

Notes to the Financial Statements

For the financial year ended 30 June 2013

27. Commitments (Continued)

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	
	2013	2012
	RMB'000	RMB'000
Not later than one year	27	31
Later than one year but not later than five years	3,409	65
Later than five years	26,934	10,519
	30,370	10,615

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

- Lease of farmland and bamboo plantations by the Group for a period of 2 to 19 (2012: 3 to 20) years and 15 years respectively. The Group leases farmland and bamboo plantations are approximately 5,220 mu (2012: 5,220 mu) and 11,302 mu (2012: Nil) and prepays a portion of the total lease payable as disclosed in Note 16 to the financial statements.

- Lease of office premises and warehouse by the Group for a period of 1 to 2 (2012: 2 to 4) years.

- Maintenance cost of the eucalyptus trees in plantation forest for a period of 2 (2012: 3) years which has been fully prepaid as disclosed in Note 16 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 2013

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).

Compensation of key management personnel

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**	
	2013	**2012**	**2013**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Directors' fee	776	816	776	816
Short-term benefits	2,821	4,138	942	1,282
Post-employment benefits	211	225	47	66
Share-based payment expenses	–	5,894	3,101	–
	3,808	11,073	4,866	2,164
Analysed into:				
Directors of the Company	2,200	4,348	1,621	1,313
Directors of the subsidiaries	248	1,078	438	–
Other key management personnel	1,360	5,647	2,807	851
	3,808	11,073	4,866	2,164

Notes to the Financial Statements

For the financial year ended 30 June 2013

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 two main business segments namely:

(i) Self-cultivated edible fungi and bamboo shoot

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

The self-cultivated bamboo shoot comprises the spring bamboo shoot and winter bamboo shoot.

(ii) Processed food products

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

(iii) Corporate

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

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For the financial year ended 30 June 2013

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 shoot RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
Group				
2013				
Revenue				
Sales to external customers	354,819	154,351	–	509,170
Segment results	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 before income tax	52,558	33,314	(8,558)	77,314
Income tax expense	–	(7,995)	(129)	(8,124)
Profit after income tax	52,558	25,319	(8,687)	69,190
Other segment items				
Additions of biological assets	242,180	–	–	242,180
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
Segment assets	550,358	133,161	10,729	694,248
Segment liabilities	1,850	20,567	4,883	27,300

Notes to the Financial Statements

For the financial year ended 30 June 2013

29. Segment information (Continued)

29.1 Business segments (Continued)

	Self-cultivated edible fungi RMB'000	Processed food products RMB'000	Corporate RMB'000	Total RMB'000
Group				
2012				
Revenue				
Sales to external customers	392,156	161,175	–	553,331
Segment results	156,442	51,855	–	208,297
Interest income	72	119	4	195
Other income	4,188	149	2,210	6,547
Selling and distribution expenses	(2,995)	(5,806)	–	(8,801)
Administrative expenses	(8,135)	(18,652)	(5,010)	(31,797)
Other expenses	(6,535)	(327)	–	(6,862)
Loss from changes in fair value of biological assets	(28,240)	–	–	(28,240)
Profit/(Loss) before income tax	114,797	27,338	(2,796)	139,339
Income tax credit/(expense)	–	(8,358)	8,496	138
Profit after income tax	114,797	18,980	5,700	139,477
Other segment items				
Additions of biological assets	281,334	–	–	281,334
Capital expenditure				
- property, plant and equipment	11,290	10,828	–	22,118
- land use rights	37,515	–	–	37,515
Depreciation and amortisation	204,670	2,028	6	206,704
Segment assets	483,734	85,289	2,910	571,933
Segment liabilities	393	20,572	4,676	25,641

Notes to the Financial Statements

For the financial year ended 30 June 2013

29. Segment information (Continued)

29.2 Geographical information

The Group's business segments operate in three 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	
	2013	2012
	RMB'000	RMB'000
Sales to external customers		
China	412,444	448,905
Japan	96,726	104,426
	509,170	553,331
Non-current assets		
China	396,503	356,530
Singapore	3	7
	396,506	356,537

29.3 Major customer

In the current financial year, there is no single third party customer which contributed to 10% or more of the Group's revenue.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2013

30. Financial instruments and financial risks (Continued)

30.1 Credit risks (Continued)

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 two (2012: two) trade receivables from third parties amounting to approximately 64% (2012: 32.8%) of total trade receivables as at the end of the financial year.

As the Group does not hold any collateral, at the respective end of financial year, the Group'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.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. As at 30 June 2013, there are no trade receivables that are past due.

As at 30 June 2013, 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	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Japanese yen	1,650	3,546	–	–
Singapore dollar	16,412	1,737	1,172	1,094
United States dollar	14,994	6,808	–	–

Notes to the Financial Statements

For the financial year ended 30 June 2013

30. Financial instruments and financial risks (Continued)

30.2 Market risks (Continued)

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% (2012: 10%) change in the relevant foreign currencies against the functional currency of the entities within the Group. The sensitivity analysis assumes an instantaneous 5% (2012: 10%) 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.

	Group Increase/(decrease) on profit before income tax	
	2013 RMB'000	2012 RMB'000
JPY against RMB		
- strengthen	83	355
- weaken	(83)	(355)
SGD against RMB		
- strengthen	762	64
- weaken	(762)	(64)
USD against RMB		
- strengthen	750	681
- weaken	(750)	(681)

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 activity 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.

All financial liabilities disclosed in the statements of financial position are non-interest bearing and payable within 12 months from the end of the financial year.

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For the financial year ended 30 June 2013

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 25, 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 2013 and 2012.

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

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 On 12 July 2013, the wholly-owned subsidiary, Wangcheng has obtained the permission from Ministry of Housing and the Urban-Rural Developments of the PRC, to build up a 16-story Research and Development Centre in Houyu Food Industry Zone, Jingxi town, Minhou County, Fuzhou City, Fujian Province, PRC. The building will occupy a gross floor area of 14,257m^2.

The investment for the construction of the Research and Development Centre is approximately RMB32.4 million, excluding capital expenditure for renovations and acquisition of fixtures and equipment. Construction work has started in September 2013 and expected to complete in the second half of 2014.

33.2 Wangcheng has entered into a credit facility agreement with the China Everbright Bank dated 19 August 2013 for aggregated principal loan amount of RMB40 million commencing from 22 August 2013 to August 2014. Wangcheng pledges its buildings and land use rights to the Bank as security under the facility agreement and Mr Chen Qiuhai, the Executive Chairman and Chief Executive Officer of the Company stands as personal guarantor for payment of all monies and liabilities owing by Wangcheng to the Bank, including but not limited to, payment of all monies owing or payable (whether actual or contingent) to the Bank up to RMB40 million.

On 2 September 2013, Wangcheng had drawdown an amount of RMB20 million granted by the Bank for working capital purposes.

Statistics of Shareholdings

As at 20 September 2013

SHAREHOLDERS' INFORMATION

Total Number of Shares	:	498,452,175
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	478	30.20	3,280,014	0.66
10,001 - 1,000,000	1,080	68.22	75,056,519	15.06
1,000,001 and above	23	1.45	420,115,023	84.28
	1,583	100.00	498,452,175	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 20 SEPTEMBER 2013

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Sanwang International Holdings Limited[(1)]	–	–	195,736,718	39.27
Chen Qiuhai[(2)]	–	–	195,736,718	39.27
Global Yellow Pages Limited	99,779,305	20.02	–	–
Hydrex International Pte Ltd	42,000,000	8.43	–	–
Goi Seng Hui[(3)]	–	–	42,000,000	8.43

The percentage of shareholding above is computed based on the total number of issued shares of 498,452,175 excluding treasury shares.

Notes:

(1) Sanwang International Holdings Limited ("Sanwang") is deemed interested in 195,736,718 shares in the capital of the Company which are held by its nominee, UOB Kay Hian Pte Ltd.

(2) Sanwang is a company incorporated in British Virgin Islands and wholly-owned by Mr Chen Qiuhai, the Executive Chairman and Chief Executive Officer of the Company. Accordingly, Mr Chen Qiuhai is deemed to be interested in the 195,736,718 shares held by Sanwang by virtue of Section 4 of the Securities and Future Act.

(3) Hydrex International Pte. Ltd. is an investment holding company incorporated in Singapore. Mr Goi Seng Hui is deemed to be interested in the 42,000,000 shares held by Hydrex International Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50.

Statistics of Shareholdings

As at 20 September 2013

TWENTY-ONE LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	UOB KAY HIAN PTE LTD	208,443,718	41.82
2.	GLOBAL YELLOW PAGES LIMITED	99,779,305	20.02
3.	HYDREX INTERNATIONAL PTE LTD	42,000,000	8.43
4.	CHIA KEE KOON	10,285,000	2.06
5.	FORTUNE TECHNOLOGY FUND LTD	10,000,000	2.01
6.	CIMB SECURITIES (SINGAPORE) PTE LTD	7,347,000	1.47
7.	HONG LEONG FINANCE NOMINEES PRIVATE LIMITED	5,784,000	1.16
8.	CHEW GHIM BOK	5,027,000	1.01
9.	MAYBANK KIM ENG SECURITIES PTE LTD	3,906,000	0.78
10.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,581,000	0.72
11.	PHILLIP SECURITIES PTE LTD	2,921,000	0.59
12.	ZHANG YAN	2,810,000	0.56
13.	LEE SUI HEE	2,653,000	0.53
14.	OCBC SECURITIES PRIVATE LIMITED	2,580,000	0.52
15.	DBS VICKERS SECURITIES (S) PTE LTD	2,487,000	0.50
16.	LIM & TAN SECURITIES PTE LTD	1,662,000	0.33
17.	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,485,000	0.30
18.	CITIBANK NOMINEES SINGAPORE PTE LTD	1,387,000	0.28
19.	DBS NOMINEES PTE LTD	1,358,000	0.27
20.	LAU HWEE BENG	1,200,000	0.24
21.	TE LAY HOON	1,200,000	0.24
		417,896,023	83.84

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

31.96% of the Company's 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 Conference Room, 6 Battery Road #10-01 Singapore 049909, on Wednesday, 30 October 2013 at 9.30 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 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt (one-tier) dividend of RMB0.013 per ordinary share for the financial year ended 30 June 2013. (2012: Nil). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 97 of the Articles of Association of the Company:

Mr Goi Kok Neng	(Retiring under Article 97)	**(Resolution 3)**
Mr Chua Ser Miang	(Retiring under Article 97)	**(Resolution 4)**
Professor Tan Cheng Han	(Retiring under Article 97)	**(Resolution 5)**

[See Explanatory Note (i)]

4. To note the retirement of Mr Soh Beng Keng and Mr Sim Yong Chan retiring pursuant to Article 91 of the Articles of Association of the Company.

   Mr Soh Beng Keng, will upon retirement, cease as the Chairman of Audit Committee and a member of the Nominating Committee and Remuneration Committee.

   Mr Sim Yong Chan, will upon retirement, cease as the Chairman of Nominating Committee and Remuneration Committee, and a member of the Audit Committee.

5. To approve the payment of Directors' fees of S$185,000 for the financial year ending 30 June 2014 to be paid half yearly in arrears (FY2013: S$160,000). **(Resolution 6)**

6. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

7. 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:

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

   That pursuant to Section 161 of the Companies Act, Cap. 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

Notice of Annual General Meeting

(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 pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "Share Issue Mandate")

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) 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 revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

(Resolution 8)

[See Explanatory Note (ii)]

Notice of Annual General Meeting

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

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant 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 revoked or varied 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)]

10. **Authority to issue shares under the Yamada Green Resources Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 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 options granted under the 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 revoked or varied 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 Annual General Meeting

NOTICE OF BOOK CLOSURE DATE FOR FIRST AND FINAL DIVIDEND

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 5 November 2013 for the preparation of dividend warrants.

Duly completed registrable transfer received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road #02-00 Singapore 068898, up to 5.00 p.m. on 4 November 2013 will be registered to determine shareholders' entitlement 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 entitlements to the CDP account holders in accordance with its normal practice.

Payment of the first and final tax exempt (one-tier) dividend, if approved by the members at the Annual General Meeting, will be paid on 27 November 2013.

By Order of the Board

Wong Chee Meng Lawrence
Company Secretary

Singapore
14 October 2013

Explanatory Notes:

(i) Mr Goi Kok Neng will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee and Remuneration Committee respectively and will be considered non-independent.

Mr Chua Ser Miang will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee respectively and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Professor Tan Cheng Han will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee respectively and will be considered non-independent

(ii) Resolution 8 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting ("AGM") until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to existing shareholders of the Company.

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

(iii) Resolution 9 above, if passed, will 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 the earlier, to issue shares in the Company pursuant to the exercise of share options granted or to be granted under the Scheme provided that the aggregate additional shares to be issued and/or issuable pursuant to the Scheme and all shares awarded under the Plan do not exceeding 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.

Notice of Annual General Meeting

(iv) Resolution 10 above, if passed, will 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 the earlier, to issue shares in the Company pursuant to the vesting of share awards under the Plan provided that the aggregate additional shares to be issued pursuant to the Plan and ordinary shares to be issued and/or issuable in respect of all options granted under the Scheme do not exceeding 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 entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 6 Battery Road #10-01 Singapore 049909 not less than forty-eight (48) hours before the time appointed for holding the Meeting or any postponement or adjournment thereof.

YAMADA GREEN RESOURCES LIMITED
(Company Registration No. 201002962E)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy Yamada Green Resources Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This 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 an observer 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.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ...

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 Conference Room, 6 Battery Road #10-01 Singapore 049909, on Wednesday, 30 October 2013 at 9.30 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/her 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
Ordinary Business			
1	Directors' Report and Audited Accounts for the financial year ended 30 June 2013		
2	Payment of proposed first and final tax exempt (one-tier) dividend of RMB0.013 per ordinary share for the financial year ended 30 June 2013		
3	Re-election of Mr Goi Kok Neng as Director		
4	Re-election of Mr Chua Ser Miang as Director		
5	Re-election of Professor Tan Cheng Han as Director		
6	Approval of Directors' Fees amounting to S$185,000 for the financial year ending 30 June 2014 to be paid half yearly in arrears		
7	Re-appointment of Messrs BDO LLP as Auditors		
Special Business			
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 2013

Total number of Shares in:	No. of Shares
(a) CDP 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 is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member 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 to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Battery Road #10-01 Singapore 049909 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/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.

YAMADA GREEN RESOURCES LIMITED
Company Registration No. 201002962E

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