



Yamada Green Resources Limited
(Company Registration No.
201002962E)
(Incorporated in the Republic of Singapore)

Yamada Green Resources Limited (the “Company”) was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 8 October 2010. The initial public offering (the “IPO”) of the Company was sponsored by DMG & Partners Securities Pte Ltd (the “Issue Manager”). The Issue Manager assumes no responsibility for the contents of this announcement.

Expanding Sales and Distribution Network for Self-Cultivated Shiitake Mushrooms

The Board of Directors (the “Board”) of Yamada Green Resources Limited (the “Company” and together with its subsidiaries the “Group”) wishes to announce that the Group, via Zhangping Fengwang Agricultural Products Co., Ltd (“Fengwang”), a wholly-owned subsidiary of Fuzhou Wangcheng Foods Development Co., Ltd. which is in turn a wholly-owned subsidiary of the Company, has on 13 June 2011 entered into collaboration agreements with its newly appointed distributors (the “Agreements”), the salient terms of which are set out as follows:

- the Group will collaborate with its distributors (the “Distributors”) to set up 12 fresh shiitake mushrooms distribution outlets (the “Outlets”) in the PRC on or before 1 October 2011 in order to strengthen its sales and distribution network;
- during the harvesting seasons of the Group’s shiitake mushrooms, save in the event of insufficient supply of fresh shiitake mushrooms by the Group, the Outlets shall only market and sell the Group’s products. The Distributors shall purchase the shiitake mushrooms from the Group at an agreed scale cost depending on the quantity purchased subject to a minimum quantity of 800 tons per harvesting season per distributor;
- the Group shall provide a sum of RMB1.0 million to each distributor as a grant towards the sales and marketing costs of the distributor for the 5 years term; and
- the Group shall not be responsible for the setting up cost, operating expenses and liabilities of the Outlets.

The abovementioned grant of the sales and marketing costs will be charged off by the Group as deferred expenses during the year they are incurred and will be amortised over the term of the Agreements.

The Group intends to fund the above by using part of the proceeds from initial public offering (“IPO proceeds”) of S\$ S\$1.0 million. The balance would be funded from internal resources.

The aforesaid use of IPO proceeds is not in accordance of the stated use in the Company’s prospectus dated 29 September 2010, wherein it was stated that, the Group intended to utilise S\$1.0 million (equivalent to approximately RMB5.1 million) of the IPO proceeds on the setting up of eight of its own distribution outlets. However the Company intends to achieve the same result of expanding its distribution and marketing network to reach out to customers for our self-cultivated shiitake mushrooms in other parts of PRC beyond Fujian Province, PRC through the above collaborations.

The Board is of the view that, by moving down the supply chain through Outlets, the Group would be in a better position to manage and drive its marketing efforts and promote the sales of the self-cultivated fresh shiitake mushrooms.

The above transaction is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2011.

None of the Directors or Substantial Shareholders of the Company has any interest in the above transaction.

By order of the Board

Chen Qihai
Executive Chairman and CEO
15 June 2011