



## Yamada Green Resources Limited

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

### Unaudited Financial Statements And Dividend Announcement for The Second Quarter and Half-Year Ended 31 December 2014

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<b>The Group</b>	<b>3 Months Ended</b>			<b>Half-Year Ended</b>		
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>	<b>Change</b>	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>		<b>RMB'000</b>	<b>RMB'000</b>	
Revenue	<b>176,682</b>	232,643	(24.1%)	<b>232,637</b>	272,766	(14.7%)
Cost of sales	<b>(135,365)</b>	(173,561)	(22.0%)	<b>(173,194)</b>	(202,183)	(14.3%)
Gross profit	<b>41,317</b>	59,082	(30.1%)	<b>59,443</b>	70,583	(15.8%)
<i>Gross profit margin</i>	<b>23.4%</b>	25.4%	(2.0 ppt)	<b>25.6%</b>	25.9%	(0.3 ppt)
<i>Other items of income</i>						
Interest income	<b>15</b>	27	(44.4%)	<b>28</b>	45	(37.8%)
Other income	<b>798</b>	124	543.5%	<b>996</b>	152	555.3%
<i>Other items of expenses</i>						
Selling & distribution expenses	<b>(991)</b>	(963)	2.9%	<b>(1,783)</b>	(1,759)	1.4%
Administrative expenses	<b>(14,022)</b>	(4,760)	194.6%	<b>(21,943)</b>	(11,791)	86.1%
Other operating expenses	<b>(1,962)</b>	(3,555)	(44.8%)	<b>(3,780)</b>	(5,451)	(30.7%)
Finance cost	<b>(565)</b>	(412)	37.1%	<b>(1,053)</b>	(488)	115.8%
Profit before income tax	<b>24,590</b>	49,543	(50.4%)	<b>31,908</b>	51,291	(37.8%)
Income tax expense	<b>(2,464)</b>	(3,916)	(37.1%)	<b>(4,975)</b>	(5,019)	(0.9%)
Profit for the financial period	<b>22,126</b>	45,627	(51.5%)	<b>26,933</b>	46,272	(41.8%)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	-	-	-	-
Total comprehensive income for the financial period	<b>22,126</b>	45,627	(51.5%)	<b>26,933</b>	46,272	(41.8%)
<i>Profit attributable to:</i>						
Owners of the parent	<b>22,126</b>	45,627	(51.5%)	<b>26,933</b>	46,272	(41.8%)
<i>Total comprehensive income attributable to:</i>						
Owners of the parent	<b>22,126</b>	45,627	(51.5%)	<b>26,933</b>	46,272	(41.8%)

**1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.**

The Group's total comprehensive income for the financial period is derived after charging/(crediting):

	3 Months Ended			Change	Half-Year Ended		
	31 Dec 2014	31 Dec 2013			31 Dec 2014	31 Dec 2013	Change
	RMB'000	RMB'000		RMB'000	RMB'000		
Amortisation of land use rights	522	723	(27.8%)	1,193	1,431	(16.6%)	
Amortisation of biological assets <sup>(1)</sup>	63,695	103,723	(38.6%)	63,695	103,723	(38.6%)	
Amortisation of prepayments	15,708	5,343	194.0%	18,745	8,388	123.5%	
Depreciation of property, plant and equipment	1,856	1,895	(2.1%)	4,182	4,062	3.0%	
Gain on disposal of property, plant and equipment	-	-	n/m	(2)	-	n/m	
Loss on disposal of land use rights of eucalyptus plantations	6,075	-	n/m	6,075	-	n/m	
Exchange loss, net	707	847	(16.5%)	1,270	928	36.9%	
Interest income	(15)	(27)	(44.4%)	(28)	(45)	(37.8%)	
Interest expenses on bank loan	565	412	37.1%	1,053	488	115.8%	
Government grants	(130)	(84)	54.8%	(180)	(84)	114.3%	

<sup>(1)</sup> The biological assets represent shiitake mushroom synthetic logs held by the Group.  
n/m – not meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	As at 31 Dec 2014	As at 30 Jun 2014	As at 31 Dec 2014	As at 30 Jun 2014
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	125,528	104,368	8	10
Biological assets <sup>(1)</sup>	158,714	158,714	-	-
Land use rights	26,295	98,104	-	-
Investments in subsidiaries	-	-	117,266	117,266
Prepayments	234,941	138,745	-	-
Deferred tax assets	1,918	1,918	-	-
	547,396	501,849	117,274	117,276
<b>Current assets</b>				
Biological assets <sup>(2)</sup>	91,659	23,750	-	-
Inventories	13,195	13,671	-	-
Trade receivables	20,443	16,580	-	-
Other receivables	183,037	250,011	98,092	83,100
Tax recoverable	831	831	-	-
Cash and bank balances	18,788	21,591	6,290	3,403
	327,953	326,434	104,382	86,503
<b>Less:</b>				
<b>Current liabilities</b>				
Trade and other payables	27,131	21,975	297	921
Bank borrowings	25,000	30,000	-	-
Current income tax payable	5,291	6,543	767	767
	57,422	58,518	1,064	1,688
<b>Net current assets</b>	270,531	267,916	103,318	84,815
<b>Non-current liability</b>				
Deferred tax liability	(3,711)	(3,711)	-	-
<b>Net assets</b>	814,216	766,054	220,592	202,091
<b>Capital and reserves</b>				
Share capital	221,090	190,471	221,090	190,471
Share-based payment reserve	2,015	4,995	2,015	4,995
Statutory reserve	61,394	59,306	-	-
Accumulated profits/(losses)	529,717	511,282	(2,513)	6,625
<b>Total equity</b>	814,216	766,054	220,592	202,091

<sup>(1)</sup> The biological assets represent eucalyptus tree plantations and moso bamboo plantations.

<sup>(2)</sup> The biological assets represent shiitake mushroom synthetic logs held by the Group.

**(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 31 Dec 2014		As at 30 Jun 2014	
Secured	Unsecured	Secured	Unsecured
RMB25,000,000	Nil	RMB30,000,000	Nil

**Amount repayable after one year**

As at 31 Dec 2014		As at 30 Jun 2014	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

**Details of any collateral**

In November 2014, the Company's wholly-owned subsidiary, Wangcheng Foods Development Co., Ltd. ("Wangcheng"), had accepted an offer of credit facility (the "Facility") up to an aggregate principal amount of RMB30 million granted by China Everbright Bank (the "Bank") subsequent to the expiration of the last credit facility agreement on 21 August 2014. Wangcheng pledged its buildings and land use rights as collateral for the Facility in favour of the Bank. Mr Chen Qiuhai, the Executive Chairman and Chief Executive Officer of the Company, agreed to stand 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 with respect to the Facility extended by the Bank.

For the loan amounts drawn down from the last credit facility, the repayment due date for the loan amount of RMB20 million has been extended by the Bank from September 2014 to February 2015. Another loan amount of RMB10 million was repaid to the bank upon the expiration of the loan agreement at the end of November 2014.

An additional RMB5 million has been drawn down from the Facility for general working capital purposes at the end of November 2014 as well.

As at 31 December 2014, the total bank borrowings of the Company was RMB25 million.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>The Group</b>	<b>3 Months Ended</b>		<b>Half-Year Ended</b>	
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flow from operating activities</b>				
Profit before income tax	24,590	49,543	31,908	51,291
Adjustments for:				
Depreciation	1,856	1,895	4,182	4,062
Amortisation of biological assets <sup>(1)</sup>	63,695	103,723	63,695	103,723
Amortisation of land use rights	522	723	1,193	1,431
Amortisation of prepayments	15,708	5,343	18,745	8,388
Gain on disposal of property, plant and equipment	-	-	(2)	-
Loss on disposal of land use rights	6,075	-	6,075	-
Interest income	(15)	(27)	(28)	(45)
Interest expenses	565	412	1,053	488
Operating profits before working capital changes	112,996	161,612	126,821	169,338
Biological assets <sup>(1)</sup>	(131,603)	(220,392)	(131,603)	(220,392)
Inventories	(469)	(7,469)	477	(6,749)
Trade and other receivables	156,443	63,230	145,393	53,898
Trade and other payables	11,206	5,570	5,155	1,946
Cash generated from operations	148,573	2,551	146,243	(1,959)
Interest received	15	27	28	45
Income taxes paid	(2,511)	(1,510)	(6,226)	(3,439)
<b>Net cash generated from/ (used in) operating activities</b>	<b>146,077</b>	<b>1,068</b>	<b>140,045</b>	<b>(5,353)</b>
<b>Cash flow from investing activities</b>				
Proceeds from disposal of property, plant and equipment	-	-	14	-
Purchase of property, plant and equipment	(16,267)	(25,164)	(25,354)	(26,857)
Prepayments	(149,526)	-	(149,526)	-
Refund from prepaid lease	16,842	-	16,842	-
<b>Net cash used in investing activities</b>	<b>(148,951)</b>	<b>(25,164)</b>	<b>(158,024)</b>	<b>(26,857)</b>
<b>Cash flow from financing activities</b>				
Proceeds from bank loan	5,000	10,000	5,000	30,000
Repayment of bank loan	(10,000)	-	(10,000)	-
Issues of new shares	-	-	27,639	-
Interest paid	(565)	(412)	(1,053)	(488)
Dividend payment	(6,410)	(6,463)	(6,410)	(6,463)
<b>Net cash generated from/ (used in) financing activities</b>	<b>(11,975)</b>	<b>3,125</b>	<b>15,176</b>	<b>23,049</b>

Yamada Green Resources Limited

<u>The Group</u>	<u>3 Months Ended</u>		<u>Half-Year Ended</u>	
	<b>31 Dec</b>	31 Dec	<b>31 Dec</b>	31 Dec
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
<b>Net decrease in cash and bank balances</b>	<b>(14,849)</b>	(20,971)	<b>(2,803)</b>	<b>(9,161)</b>
<b>Cash and bank balances at beginning of the financial period</b>	<b>33,637</b>	32,918	<b>21,591</b>	<b>21,108</b>
<b>Cash and bank balances at end of the financial period</b>	<b>18,788</b>	11,947	<b>18,788</b>	<b>11,947</b>

<sup>(1)</sup> The biological assets represent synthetic logs of shiitake mushroom held by the Group.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>The Group</u>	← Attributable to owners of the parent →				Total equity RMB'000
	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000	
<b>Balance as at 01.07.2014</b>	190,471	4,995	59,306	511,282	766,054
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	4,807	4,807
<b><u>Contributions by and distributions to owners of the parent</u></b>					
Issue of ordinary shares	27,639	-	-	-	27,639
<b>Total contributions by and distributions to owners of the parent</b>	27,639	-	-	-	27,639
<b>Balance as at 30.09.2014</b>	218,110	4,995	59,306	516,089	798,500
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	22,126	22,126
<b><u>Contributions by and distributions to owners of the parent</u></b>					
Dividend payment	-	-	-	(6,410)	(6,410)
Issue of ordinary shares	2,980	-	-	-	2,980
Share-based payment reserve	-	(2,980)	-	-	(2,980)
Transfer to statutory reserve	-	-	2,088	(2,088)	-
<b>Total contributions by and distributions to owners of the parent</b>	2,980	(2,980)	2,088	(8,498)	(6,410)
<b>Balance as at 31.12.2014</b>	221,090	2,015	61,394	529,717	814,216

<u>The Group</u>	← Attributable to owners of the parent →				Total equity RMB'000
	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000	
<b>Balance as at 01.07.2013</b>	186,092	6,395	55,141	419,320	666,948
Profit for the financial period	-	-	-	645	645
<b>Total comprehensive income for the financial period</b>	-	-	-	645	645
<b>Balance as at 30.09.2013</b>	186,092	6,395	55,141	419,965	667,593
Issue of new shares	4,379	-	-	-	4,379
Share-based payment reserve	-	(4,379)	-	-	(4,379)
Profit for the financial period	-	-	-	45,627	45,627
Transfer to statutory reserve	-	-	1,983	(1,983)	-
Dividend payment	-	-	-	(6,463)	(6,463)
<b>Total comprehensive income for the financial period</b>	-	-	1,983	37,181	39,164
<b>Balance as at 31.12.2013</b>	190,471	2,016	57,124	457,146	706,757



Yamada Green Resources Limited

<u>The Company</u>	Share capital	Share-based payment reserve	Statutory reserve	Accumulated profits/ (loss)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 01.07.2014</b>	190,471	4,995	-	6,625	202,091
Loss for the financial period, representing total comprehensive income for the financial period	-	-	-	(1,157)	(1,157)
<b><u>Contributions by and distributions to owners of the parent</u></b>					
Issue of ordinary shares	27,639	-	-	-	27,639
<b>Total contributions by and distributions to owners of the parent</b>	27,639	-	-	-	27,639
<b>Balance as at 30.09.2014</b>	218,110	4,995	-	5,468	228,573
Loss for the financial period, representing total comprehensive income for the financial period	-	-	-	(1,571)	(1,571)
<b><u>Contributions by and distributions to owners of the parent</u></b>					
Dividend payment	-	-	-	(6,410)	(6,410)
Issue of new shares	2,980	-	-	-	2,980
Share-based payment reserve	-	(2,980)	-	-	(2,980)
<b>Total contributions by and distributions to owners of the parent</b>	2,980	(2,980)	-	(6,410)	(6,410)
<b>Balance as at 31.12.2014</b>	221,090	2,015	-	(2,513)	220,592

Yamada Green Resources Limited

<b><u>The Company</u></b>	<b>Share capital</b>	<b>Share-based payment reserve</b>	<b>Statutory reserve</b>	<b>Accumulated profits/ (loss)</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Balance as at 01.07.2013</b>	186,092	6,395	-	6,612	199,099
Loss for the financial period	-	-	-	(606)	(606)
<b>Total contributions by and distributions to owners</b>	-	-	-	(606)	(606)
<b>Balance as at 30.09.2013</b>	186,092	6,395	-	6,006	198,493
Issue of new shares	4,379	-	-	-	4,379
Share-based payment reserve	-	(4,379)	-	-	(4,379)
Loss for the financial period	-	-	-	(1,231)	(1,231)
Dividend payment	-	-	-	(6,463)	(6,463)
<b>Total comprehensive income for the financial period</b>	-	-	-	(7,694)	(7,694)
<b>Balance as at 31.12.2013</b>	190,471	2,016	-	(1,688)	190,799

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Grant of Performance Share Awards

During the 3 months ended 31 December 2014, selected eligible employees of the Group and Director of the Company had been awarded 3,465,000 ordinary shares (the "Shares") pursuant to Yamada Green Resources Performance Share Plan (the "Plan"). The Plan was approved and adopted by the shareholders at our Extraordinary General Meeting on 29 April 2011.

The Shares have been listed and quoted on the Singapore Exchange Securities Trading Limited on 31 December 2014. The Shares issued rank pari passu in all respects with the existing shares of the Company. Pursuant to the issue and allotment of the Shares, the number of issued and paid-up shares in the capital of the Company has increased from 537,202,175 ordinary shares to 540,667,175 ordinary shares. The Plan came to an end after the issue of the Shares.

There were no outstanding convertibles or treasury shares held as at 31 December 2014 and 31 December 2013.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares (excluding treasury shares)

As at 30 June 2014	502,202,175
Issue of ordinary shares	35,000,000
Grant of performance share awards	<u>3,465,000</u>
<b>As at 31 December 2014</b>	<b><u>540,667,175</u></b>

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements for the financial year ended 30 June 2014 except for the valuation of biological assets, fair value of share-based payment reserves, deferred tax assets and provision for deferred tax which will be undertaken at the end of financial year.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>3 Months Ended</u>		<u>Half-Year Ended</u>	
	<b>31 Dec 2014</b>	31 Dec 2013	<b>31 Dec 2014</b>	31 Dec 2013
<b><u>The Group</u></b>				
Earnings per share (RMB cents)				
- <i>basic</i>	<b>4.1</b>	9.1	<b>5.1</b>	9.2
- <i>diluted</i>	<b>4.1</b>	8.9	<b>5.1</b>	9.0
Weighted average number of ordinary shares ('000) - basic	<b>537,202</b>	498,452	<b>528,452</b>	498,452
- diluted	<b>537,202</b>	510,032	<b>528,452</b>	510,032

Basic earnings per share are calculated by dividing the net profit after tax attributable to equity holders of the Company of the respective periods and the weighted average number of shares in issue during the respective financial periods. The weighted average number of ordinary shares represents the number of ordinary shares at the beginning of the financial period, adjusted for new ordinary shares issued during the financial period, multiplied by a time-weighted factor.

Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company for the respective periods and the weighted average number of shares, adjusted for the effects of all dilutive potential ordinary shares.

The Company approved the grant of 25,000,000 shares of the Company to selected eligible employees of the Group and Director of the Company on 29 December 2011, under the Yamada Performance Shares Plan (the "Plan") which had been approved and adopted by the shareholders at our Extraordinary General Meeting on 29 April 2011.

Up to 31 December 2014, 16,885,000 ordinary shares of the above 25,000,000 ordinary shares were issued and vested, 8,115,000 ordinary shares of the above 25,000,000 ordinary shares were forfeited. The Plan came to an end on 31 December 2014. Therefore, no more shares will be vested out of the Plan in the future.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

<b><u>The Group</u></b>	<b>As at 31 Dec 2014</b>	As at 30 Jun 2014
Net asset value per share (RMB cents)	<b>150.6</b>	152.5
Number of ordinary shares ('000)	<b>540,667</b>	502,202

<b><u>The Company</u></b>	<b>As at 31 Dec 2014</b>	As at 30 Jun 2014
Net asset value per share (RMB cents)	<b>40.8</b>	40.2
Number of ordinary shares ('000)	<b>540,667</b>	502,202

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### STATEMENT OF COMPREHENSIVE INCOME

##### Review of performance for the second quarter ended 31 December 2014 ("2Q2015")

#### Revenue

##### Segment Revenue Breakdown

	<b>2Q2015</b>		<b>HY2015</b>	
	(RMB'million)	%	(RMB'million)	%
<b>Cultivation Business Segment</b>				
- Shiitake mushrooms	98.9	56.0%	98.9	42.5%
- bamboo trees and bamboo shoots	26.8	15.2%	32.5	14.0%
<b>Processed Food Products Business Segment</b>	51.0	28.8%	101.2	43.5%
<b>Total Revenue</b>	<b>176.7</b>	<b>100%</b>	<b>232.6</b>	<b>100%</b>

Our revenue decreased by approximately RMB55.9 million or 24.1%, to approximately RMB176.7 million during October to December 2014 ("2Q2015") from approximately RMB232.6 million during the same period in 2013 ("2Q2014").

The declined revenue was mainly due to lower sales generated from our cultivation business segment. Sales of our self-cultivated shiitake mushrooms was approximately RMB98.9 million in 2Q2015, which decreased by approximately RMB67.5 million or 40.6% from approximately RMB166.4 million in 2Q2014. We produced approximately 13,800 tons and sold approximately 13,750 tons of shiitake mushrooms in 2Q2015

compared to approximately 24,000 tons harvested and sold in 2Q2014. It was largely attributable to scaling back shiitake mushroom cultivation farmland from 5,134 mu in 2Q2014 to 3,342 mu in 2Q2015. Furthermore, arrival of winter was delayed by almost three weeks during the shiitake mushroom harvesting season. The average selling price of our fresh shiitake mushroom increased by approximately 3% to approximately RMB7.2 per kg from approximately RMB7.0 per kg in the same period in the last financial year.

The loss of the revenue in our shiitake mushroom business line was mitigated by increased sales in our moso bamboo business line subsequent to the expansion of our moso bamboo plantations. In October 2014, we operated 33,845 mu of moso bamboo plantations. The plantations were further expanded by 67,000 mu to 100,845 mu in November 2014 compared to 11,302 mu in 2Q2014. We have commenced the harvesting of winter bamboo shoots in the 67,000 mu of moso bamboo plantations in 2Q2015 and the harvesting of bamboo trees in the plantations will only commence in our next financial year.

Revenue from our moso bamboo business line was increased to approximately RMB26.8 million from approximately RMB9.9 million in 2Q2014, representing nearly a threefold increase. There were approximately 22,870 tons of bamboo trees and 1,679 tons of winter bamboo shoots harvested and sold in 2Q2015, in contrast to approximately 15,600 tons of bamboo trees and 85 tons of winter bamboo shoots sold during 2Q2014.

Sales from the processed food products business segment increased by approximately RMB0.4 million or 0.8%, to approximately RMB51.0 million in 2Q2015 from approximately RMB50.6 million in 2Q2014. It was primarily due to higher export sales to the Japanese market in 2Q2015.

#### **Gross profit and gross profit margin**

Our gross profit decreased by approximately RMB17.8 million or 30.1%, to approximately RMB41.3 million in 2Q2015 from approximately RMB59.1 million in 2Q2014. The overall gross profit margin decreased to 23.4% in 2Q2015 compared to 25.4% in 2Q2014.

The gross profit margin of our cultivation business segment decreased to 21.5% in 2Q2015 from 23.0% in 2Q2014. It was mainly as a result of increased labour costs in production of mushroom logs and harvesting of shiitake mushrooms. The decline of gross profit margin was partly offset by an increased contribution from our moso bamboo business which has a higher gross profit margin of approximately 42.0% in 2Q2015.

The gross profit margin of our processed food products business segment fell to 27.9% in 2Q2015 from 34.0% in 2Q2014. It was primarily due to increased labour cost in 2Q2014.

#### **Other operating income**

Other operating income of approximately RMB0.8 million mainly comprised of government grants and subsidies, interest income, rental income and other miscellaneous gains. The government grants obtained in 2Q2015 were mainly due to receiving an award for the Provincial Key Dragon Head Enterprise for 2014. In addition, we rented out more spare office floors in our subsidiaries and generated a higher rental income in 2Q2015.

#### **Operating expenses**

Selling and distribution expenses remained constant at approximately RMB1.0 million in 2Q2015 compared to 2Q2014. It primarily included salaries for sales and marketing staff and custom charges.

Administrative expenses increased by approximately RMB9.2 million or 194.6%, to approximately RMB14.0 million in 2Q2015 from approximately RMB4.8 million in 2Q2014. It was mainly attributable to (i) a loss on disposal of land use rights of eucalyptus plantations amounting to approximately RMB6.1 million, (ii) part of R&D expenses paid to Fujian Agricultural and Forestry University were charged to administrative expenses as a technical consultancy fee in 2Q2015, and (iii) riverbank maintenance fees imposed by the PRC government.

Other operating expenses mainly consisted of maintenance cost of eucalyptus plantations and foreign exchange loss, which decreased by approximately RMB1.6 million or 44.8%, to approximately RMB2.0 million from approximately RMB3.6 million in 2Q2014. It was mostly due to a decreased maintenance costs of eucalyptus plantations as less maintenance work was required on more mature plantations.

#### **Finance cost**

Finance cost rose by approximately RMB0.2 million or 37.1% to approximately RMB0.6 in 2Q2015 million from approximately RMB0.4 million in 2Q2014. It was mainly due to higher bank borrowings amounting to RMB30.0 million between October and November 2014 compared to RMB20.0 million in the same period in the last financial year.

#### **Income tax expenses**

Income tax expense decreased to approximately RMB2.5 million in 2Q2015 from approximately RMB3.9 million in 2Q2014. Our cultivation business segment is exempt from the Enterprise Income Tax and the value-added tax. Our subsidiaries, Wangcheng and Yuanwang, are subject to Enterprise Income Tax at the rate of 25%. Our effective tax rate is 10.0% in 2Q2015 compared with 7.9% in 2Q2014.

#### **Total comprehensive income for the period**

The resulting comprehensive income for the three months under review decreased by approximately RMB23.5 million or 51.5%, to approximately RMB22.1 million in 2Q2015 from approximately RMB45.6 million in 2Q2014.

#### **Review of performance for the half-year ended 31 December 2014 (“HY2015”)**

##### **Revenue**

Our revenue decreased by approximately RMB40.2 million or 14.7%, to approximately RMB232.6 million in HY2015 from RMB272.8 million during July to December 2013 (“HY2014”).

The declined revenue was mainly due to lower sales generated from our cultivation business segment. Sales of our self-cultivated shiitake mushrooms was approximately RMB98.9 million, which decreased by approximately RMB67.5 million or 40.6% from approximately RMB166.4 million in HY2014. We produced approximately 13,800 tons and sold approximately 13,750 tons of shiitake mushrooms in HY2015 compared to approximately 24,000 tons harvested and sold in HY2014. It was largely attributable to scaling back shiitake mushroom cultivation farmland from 5,134 mu in HY2014 to 3,342 mu in HY2015. Furthermore, arrival of winter was delayed by almost three weeks during the shiitake mushroom harvesting season. The average selling price of our fresh shiitake mushroom increased by approximately 3% to approximately RMB7.2 per kg from approximately RMB7.0 per kg in the same period in 2013.

The loss of the revenue in our shiitake mushroom business line was mitigated by increased sales in our moso bamboo business line subsequent to the expansion of our moso bamboo plantations. In October 2014, we operated 33,845 mu of moso bamboo plantations. The plantations were further expanded by 67,000 mu to 100,845 mu in November 2014 compared to 11,302 mu in HY2014. We have commenced the harvesting of winter bamboo shoots in the 67,000 mu of moso bamboo plantations during HY2015 and the harvesting of bamboo trees in this plantations will only commence in our next financial year.

Revenue from our moso bamboo business was increased to approximately RMB32.5 million from approximately RMB9.9 million in HY2014, representing a threefold increase. There were approximately 34,230 tons of bamboo trees and 1,679 tons of winter bamboo shoots harvested and sold in HY2015, in contrast to approximately 15,600 tons of bamboo trees and 85 tons of winter bamboo shoots during HY2014.

Sales from the processed food product business segment increased by approximately RMB10.4 million or 11.5%, to approximately RMB101.2 million in HY2015 from approximately RMB90.8 million in HY2014. It was mainly due to higher export sales to the Japanese market in HY2015 as a result of increased orders from our existing Japanese customers whom we have established a long-term working relationship with.

#### **Gross profit and gross profit margin**

Our gross profit decreased by approximately RMB11.2 million or 15.8%, to approximately RMB59.4 million in HY2015 from RMB70.6 million in HY2014. The overall gross profit margin remained stable at 25.6% compared to 25.9% in HY2014.

The gross profit margin of our cultivation business segment slightly decreased to 22.1% in HY2015 from 23.0% in HY2014. It was mainly attributable to increased labour costs in production of mushroom logs and harvesting of shiitake mushrooms. The decline of gross profit margin was partly offset by an increased contribution from our moso bamboo business which has higher gross profit margin of approximately 40.0% in HY2015.

The gross profit margin of our processed food product business segment decreased to 30.0% from 31.6% in HY2014. It was primarily due to increased labour cost.

#### **Other operating income**

Other operating income of about RMB1.0 million in HY2015 mainly consisted of government grants and subsidies, interest income, rental income and other miscellaneous gains. The government grants obtained in HY2015 were mainly due to receiving an award for the Provincial Key Dragon Head Enterprise for 2014. In addition, we rented out more spare office floors in our subsidiaries and generated a higher rental income in HY2015.

#### **Operating expenses**

Selling and distribution expenses remained constant at approximately RMB1.8 million in HY2015 compared to HY2014. It primarily comprised of salaries for sales and marketing staff and custom charges.

Administrative expenses increased by approximately RMB10.1 million or 86.1%, to approximately RMB21.9 million in HY2015 from approximately RMB11.8 million in HY2014. It mainly arose from (i) a loss on disposal of land use rights of eucalyptus plantations amounting to approximately RMB6.1 million, (ii) part of R&D expenses paid to Fujian Agricultural and Forestry University were charged to administrative expenses as a technical consultancy fee in HY2015, and (iii) riverbank maintenance fees imposed by the PRC government.



Other operating expenses mainly included maintenance cost of eucalyptus plantations and foreign exchange loss. A decrease of approximately RMB1.6 million or 30.6%, to approximately RMB3.8 million from approximately RMB5.4 million in HY2014, was mostly due to a decreased maintenance costs of eucalyptus plantations as less maintenance work was required on more mature plantations.

#### **Finance cost**

Finance cost rose to approximately RMB1.0 million from approximately RMB0.5 million in HY2014. It was mainly due to higher bank borrowings incurred between July and November 2014 compared to the same period in 2013. There were no bank borrowings before September 2013.

#### **Income tax expenses**

Income tax expense remained constant at about RMB5.0 million compared to HY2015. Our cultivation business segment is exempt from the Enterprise Income Tax and the value-added tax. Our subsidiaries, Wangcheng and Yuanwang, are subject to Enterprise Income Tax at the rate of 25%. Our effective tax rate is 15.6% in HY2015 as compared with 9.8% in HY2014.

#### **Total comprehensive income for the period**

The resulting comprehensive income for the six months under review decreased by approximately RMB19.4 million or 41.8%, to approximately RMB26.9 million in HY2015 from approximately RMB46.3 million in HY2014.

### **STATEMENT OF FINANCIAL POSITION**

Our non-current assets increased by approximately RMB45.6 million or 9.1% to approximately RMB547.4 million as at 31 December 2014, from approximately RMB501.8 million as at 30 June 2014. The increase mainly included prepayments for our newly-leased moso bamboo plantations and eucalyptus plantations of approximately RMB106.2 million and RMB14.7 million respectively. We have an operating-lease commitment pertaining to the lease of 67,000 mu of moso bamboo plantations and the remaining payment of approximately RMB101.3 million will be due at the end of May 2015. In addition, construction in progress for processing plants in Tie Ling Economic and Technological Development Zone and our R&D Centre in Houyu Food Industry Zone in Fuzhou City also increased by approximately RMB17.9 million. The increase was partly offset by a decrease in land use rights of approximately RMB71.8 million mainly as a result of the disposal of eucalyptus plantations, as well as amortisation and depreciation of non-current assets. We have also received a refund from prepaid lease of approximately RMB16.8 million subsequent to the termination of lease for 1,792 mu of shiitake mushroom farmland.

Our current assets increased by approximately RMB1.6 million or 0.5% to approximately RMB328.0 million as at 31 December 2014, from approximately RMB326.4 million as at 30 June 2014. The increase was primarily due to (i) a net increase of synthetic logs amounting to approximately RMB67.9 million during the harvesting season of shiitake mushroom, (ii) a net amount receivable of approximately RMB48.2 million originating from the disposal of eucalyptus plantations, and (iii) an increase in prepaid lease of approximately RMB23.4 million for our newly-leased 67,000 mu of moso bamboo plantations. The increase of current assets was partially offset by the absence of advances to suppliers of synthetic logs amounting to approximately RMB110.6 million. In addition, a deposit of approximately RMB20.0 million made for an investment in Zhangzhou Meisei was refunded to us subsequent to our termination of the investment. Our cash and bank balances also decreased by approximately RMB2.8 million.

Our current liabilities decreased by approximately RMB1.1 million or 1.9% to approximately RMB57.4 million as at 31 December 2014, from approximately RMB58.5 million as at 30 June 2014. The decrease was mainly attributable to decrease in advances from customers of our processed food business and decreased bank borrowings of RMB5.0 million. The decrease was partly offset by increased advances from customers of our cultivation business.

Equity holders' interest increased by approximately RMB48.2 million or 6.3%, from approximately RMB766.0 million as at 30 June 2014 to approximately RMB814.2 million as at 31 December 2014 as a result of retention of net profit and issue of new ordinary shares in HY2015.

## **STATEMENT OF CASH FLOWS**

### **2Q2015**

For the three months ended 31 December 2014, we recorded net cash generated from operating activities of approximately RMB146.1 million. This consisted of cash generated from operating activities before changes in working capital of approximately RMB113.0 million, working capital inflow of approximately RMB35.6 million, and net of cash outflow amounting to approximately RMB2.5 million from interest income received and income tax paid.

The net working capital inflow was mainly due to a decrease in other receivables as a result of the absence of advances to suppliers of raw materials and decreased deposits and prepayments in 2Q2015. In addition, there was an increase in other payables that was primarily attributable to increased advances from customers in our cultivation business. The working capital inflow was partly offset by an additional payment for production of mushroom logs of approximately RMB131.6 million.

A net cash of approximately RMB149.0 million was used in investing activities. It was mainly due to prepayments of RMB149.5 million which included a part payment amounting to approximately RMB133.2 million for the lease for 67,000 mu of moso bamboo plantations and a prepaid lease of approximately RMB16.3 million for eucalyptus plantations. In addition, purchase of property, plant and equipment and progressive payment made for construction of new plants and R&D Centre were approximately RMB16.3 million. The net cash outflow was partly offset by a refund from prepaid lease of approximately RMB16.8 million originating from the termination of lease for 1,792 mu of shiitake mushroom farmland.

In 2Q2015, a net cash of approximately RMB12.0 million was used in financing activities. It was mainly due to a repayment of bank borrowings amounting to RMB10.0 million and a dividend payout for FY2014 of approximately RMB6.4 million. We also made an interest payment for bank borrowings of approximately RMB0.6 million. The cash outflow was partially offset by an additional bank borrowing of RMB5.0 million from China Everbright Bank for working capital purposes.

### **HY2015**

For the six months ended 31 December 2014, we recorded net cash generated from operating activities of approximately RMB140.0 million. This consisted of cash generated from operating activities before changes in working capital of approximately RMB126.8 million, working capital inflow of approximately RMB19.4 million, and net of cash outflow amounting to approximately RMB6.2 million from interest income received and income tax paid.

The net working capital inflow was mainly due to a decrease in other receivables as a result of the absence of advances to suppliers of raw materials and decreased deposits and prepayments in HY2015. In addition, there was an increase in other payables that

was primarily attributable to increased advances from customers in our cultivation business. The working capital inflow was partly offset by an additional payment for production of mushroom logs of approximately RMB131.6 million.

A net cash of approximately RMB158.0 million was used in investing activities. It was mainly due to prepayments of RMB149.5 million which included a part payment amounting to approximately RMB133.2 million for the lease for 67,000 mu of moso bamboo plantations and a prepaid lease of approximately RMB16.3 million for eucalyptus plantations. In addition, purchase of property, plant and equipment and progressive payment made for construction of new plants and R&D Centre were approximately RMB25.3 million. The net cash outflow was partly offset by a refund from prepaid lease of approximately RMB16.8 million as a result of the termination of lease for 1,792 mu of shiitake mushroom farmland.

Net cash flow generated from financing activities was RMB15.2 million in HY2015. It was mainly due to a net proceeds of approximately RMB27.6 million originating from share placement undertaken in HY2015, and additional bank borrowings of RMB5.0 million from China Everbright Bank for working capital purposes. The amount was partly offset by a repayment of bank borrowings amounting to RMB10.0 million, a dividend payout for FY2014 of approximately RMB6.4 million and interest payment for bank borrowings of approximately RMB1.0 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

For the rest of FY2015, we will continue to strengthen our cultivation business and processed food business in line with our comprehensive business growth strategy.

We have increased our moso bamboo plantations from 33,845 mu to 100,845 mu, representing a threefold increase. With the expansion of our bamboo business which has a higher profit margin, we expect this business segment will continue to be the main growth driver of our Group's revenue. As we only commence harvesting of bamboo trees from our newly-leased 67,000 mu\* of moso bamboo plantations in our next financial year, the total yield of our bamboo trees will likely increase on a year-on-year basis. On the other hand, we believe demand for our self-cultivated shiitake mushrooms will continue to remain healthy. Shiitake mushrooms are widely considered to be one of the most popular edible mushrooms in the PRC due to its pleasant taste and benefits for health.

Consumers' greater awareness of health issues and growing urbanisation in the PRC will lead to a steady increase in market demand for healthy and convenience food. In order to capture the growth in this segment, we will continue to improve our dietary fiber food products which are produced as convenience food to satisfy consumers' demand. We will enhance our own branded product positioning and extend the sales and distribution network in this segment.

Barring unforeseen circumstances, the Group remains optimistic about its performance for FY2015.

\*1 mu is equivalent to approximately 667 square metres

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the three months and half-year ended 31 December 2014.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There has been no interested person transactions during the three months and half-year ended 31 December 2014. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

**14. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5)**

The Board of Directors of Yamada Green Resources Limited (the "Company"), do hereby confirm that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the three months and half-year ended 31 December 2014 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Chen Qiuhai**  
**Executive Chairman and CEO**

12 February 2015