



Yamada Green Resources Limited
 Houyu Food Industry Zone
 Jingxi Town, Minhou County
 Fuzhou City, Fujian Province, PRC 350101
www.yamada-green.com

MEDIA RELEASE

YAMADA ACHIEVED FY2015 FULL-YEAR EARNINGS OF RMB86.2 MILLION ON REVENUE OF 503.9 MILLION

- Revenue declined by 17.6% to RMB503.9 million.
- Sales from bamboo trees and bamboo shoots increased by more than 5 folds to RMB74.4 million.
- Expected growth in yield of moso bamboo trees and bamboo shoots in FY2016.
- Profit after tax fell by 15.9% to RMB86.2 million.

Financial Highlights (RMB Million)	4Q2015	4Q2014	Change	FY2015	FY2014	Change
Revenue	73.2	81.4	(10.1%)	503.9	611.4	(17.6%)
Gross Profit	17.4	25.7	(32.3%)	122.4	146.9	(16.7%)
Gross Profit Margin (%)	23.7%	31.5%	(7.8 ppt)	24.3%	24.0%	0.3 ppt
Profit after Tax	24.7	17.3	42.8%	86.2	102.6	(15.9%)

Singapore, 28 August 2015 – SGX Mainboard-listed Yamada Green Resources Limited (“Yamada”, or “the Group” or “山田绿色资源有限公司”), a major supplier of self-cultivated shiitake mushroom, moso bamboo trees and bamboo shoots as well as a manufacturer and distributor of processed food products in Fujian Province, People’s Republic of China (“PRC”), is pleased to announce its financial results for the fourth quarter and full-year ended 30 June 2015 (“4Q2015” and “FY2015” respectively).

FY2015 Results Highlights

Revenue

Our revenue decreased by approximately RMB107.5 million or 17.6%, to approximately RMB503.9 million in FY2015 from RMB611.4 million from July 2013 to June 2014 (“FY2014”).

The decline in revenue was mainly due to lower sales derived from our cultivation business segment. Sales of our self-cultivated shiitake mushrooms were approximately RMB240.9 million in FY2015, which decreased by approximately RMB147.0 million or 37.9% from approximately RMB387.9 million in FY2014. We produced and sold approximately 34,120 tons of shiitake mushrooms in FY2015 compared to approximately 54,380 tons in FY2014. It was mostly due to scaling back shiitake mushroom cultivation farmland. During the harvesting season, we operated 3,342 mu of shiitake mushroom cultivation farmland in FY2015 compared to 5,134 mu in FY2014. Out of the shiitake mushrooms harvested in FY2015, there were approximately 33,890 tons of shiitake mushrooms sold to external customers. The average selling price of our fresh shiitake mushroom remained constant at approximately RMB7.1 per kg compared to the same period in the last financial year.

Additionally, there were no sales of self-cultivated black fungus in FY2015. In line with our growth strategy in the future, we decided not to renew the lease for black fungus cultivation land after its expiration on 30 June 2014. In FY2014, there was approximately RMB14.1 million generated from sales of black fungus.

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. During the harvesting season, we operated 100,845 mu of moso bamboo plantations in FY2015 compared to 11,302 mu in FY2014. In FY2015, we commenced the harvesting of bamboo shoots in our newly-leased 67,000 mu of moso bamboo plantations, and the harvesting of bamboo trees from these plantations will only commence in the next financial year.

Revenue from our moso bamboo business increased to approximately RMB74.4 million in FY2015 from approximately RMB13.0 million in FY2014, representing more than fivefold increase. There were approximately 34,230 tons of bamboo trees and 23,750 tons of bamboo shoots harvested and sold in FY2015, in contrast to approximately 15,600 tons of bamboo trees and 357 tons of bamboo shoots in FY2014. Out of the bamboo shoots harvested in FY2015, there were approximately 21,540 tons sold to external customers.

Sales from the processed food product business segment decreased by approximately RMB3.5 million or 1.8%, to approximately RMB188.6 million in FY2015 from approximately RMB192.1 million in FY2014. It was primarily due to lower domestic sales of processed mushrooms as a result of higher supplies of processed mushrooms in the local market. Furthermore, production volume of the existing konjac-based dietary fibre food products also decreased subsequent to the changes in our production and sales strategy in the domestic market.

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB24.5 million or 16.7%, to approximately RMB122.4 million in FY2015, from approximately RMB146.9

million in FY2014. Nevertheless, the overall gross profit margin remain constant at 24.3% in FY2015 compared to 24.0% in FY2014.

The gross profit margin of our cultivation business segment rose to 20.8% in FY2015 from 20.3% in FY2014. It was mainly due to increased contribution from our moso bamboo business which has higher gross profit margin of approximately 37% in FY2015. The increase of gross profit margin was partly offset by a decline in gross profit margin of shiitake mushroom as a result of increased labour costs in production of mushroom logs and harvesting of shiitake mushrooms in FY2015.

The gross profit margin of our processed food product business segment decreased to 30.1% in FY2015 from 32.1% in FY2014, mainly due to an increase in labour cost in FY2015.

Other operating income

Other operating income of approximately RMB8.1 million mainly comprised of government grants and subsidies, interest income, rental income, compensation received and other miscellaneous gain. The government grants obtained in FY2015 were mainly due to subsidizing the construction of our processing plants in Tie Ling Economic and Technological Development Zone as it is the government's policy to encourage companies' improvement in production capacity and technology. We also received compensation from the termination of investment and tentative business collaboration with external parties. In addition, we rented out more spare office floors in our subsidiaries and generated a higher rental income in FY2015.

Gain from changes in fair value of biological assets

An independent valuation expert is appointed to assess the fair value of our eucalyptus trees and bamboo plantations at the end of the financial year. A net gain from changes in fair value of biological assets of approximately RMB18.2 million was recognised in 4Q2015 (4Q2014: approximately RMB13.0 million). As at 30 June 2015, there were 38,334 mu (FY2014: 39,735 mu) of eucalyptus tree plantations and 100,845 mu (FY2014: 33,845 mu) of bamboo plantations under valuation. We harvested 1,401 mu and 5,924 mu of eucalyptus trees in FY2015 and FY2014 respectively. The loss from changes in fair value of eucalyptus trees was approximately RMB51.4 million. It was mainly attributable to the fact that the expected timber reserves of the trees in the plantations in the future are smaller than those generated in the previous years due to unfavorable weather factor. On the other hand, there was a gain of approximately RMB69.6 million from changes in fair value of moso bamboo trees and bamboo shoots as a result of our expanded bamboo plantations. The net present value generated from the valuation was based on the best estimates by the valuer in view of the conditions of our bamboo plantations and the market value of the moso bamboo trees and bamboo shoots.

In late June 2015, we entered into an agreement to lease another 15,147 mu of moso bamboo plantations. These plantations were not included in the valuation as at 30 June 2015 as the plantations were not in our operation on the valuation date. Therefore, the fair value of moso bamboo trees and bamboo shoots in these plantations was not included in the biological assets as at our financial year end.

A copy of the valuation report is available for inspection at our registered office during normal business hours for three months from the date of the announcement.

Operating expenses

Selling and distribution expenses remained constant at approximately RMB6.1 million in FY2015 compared to the same period in FY2014.

Administrative expenses increased by approximately RMB9.6 million or 33.5%, to approximately RMB38.3 million in FY2015 from approximately RMB28.7 million in FY2014. It mainly arose from a loss on disposal of land use rights of eucalyptus plantations amounting to approximately RMB5.9 million and approximately RMB4.2 million of mushroom tents written off as a result of the termination of lease of 3,950 mu of mushroom farmland in FY2015. The increase in administrative expenses was partly offset by a decrease in amortization of land use right subsequent to the disposal of land use rights of eucalyptus plantations, and an absence of share-based payment expenses incurred in FY2015 as the Performance Share Plans came to an end on 31 December 2014.

Other operating expenses mainly included maintenance cost of eucalyptus plantations and foreign exchange loss. A decrease of approximately RMB4.5 million or 42.1%, to approximately RMB6.2 million in FY2015 from approximately RMB10.7 million in FY2014, was primarily due to a decrease in maintenance costs of eucalyptus plantations as less maintenance work was required on more mature plantations. In addition, there was no amortisation of prepaid lease of moso bamboo plantations recognized as other operating expenses during non-harvesting period in FY2015 as the annual lease was amortised as production cost in FY2015.

Finance cost

Finance cost increased to approximately RMB2.0 million in FY2015 from approximately RMB1.6 million in FY2014. It was mainly due to higher bank borrowings incurred in FY2015 compared to the same period in FY2014.

Income tax expenses

Income tax expense decreased to approximately RMB9.8 million in FY2015 from approximately RMB13.4 million in FY2014. Our processed food product business segment are subject to Enterprise Income Tax at the rate of 25% while the cultivation business segment is exempt from the Enterprise Income Tax and the

value-added tax. Our effective tax rate is 10.1% in FY2015 as compared with 11.5% in FY2014.

Total comprehensive income for the period

The comprehensive income for the financial year under review decreased by approximately RMB16.4 million or 15.9%, to approximately RMB86.2 million in FY2015 from approximately RMB102.6 million in FY2014.

Future Outlook & Growth Strategies

In FY2016, we will continue to focus on building the fundamentals of our cultivation business and processed food business in accordance with our comprehensive business development strategy. We have expanded our moso bamboo plantations from 33,845 mu to 115,992 mu in FY2015, representing more than threefold increase. With the expansion of our bamboo business which generates a higher profit margin, we expect this business segment to continue to contribute positively to our Group's profitability. Additionally, part of the spring bamboo shoots harvested from our moso bamboo plantations will continue to be supplied to our processed food business segment as raw materials used in the production of processed bamboo shoots. In our next financial year, we will commence harvesting bamboo trees from our newly-leased 67,000 mu* of moso bamboo plantations and will also commence the operation of another newly-leased 15,147 mu of moso bamboo plantations. Therefore, the total yield of our bamboo trees and bamboo shoots will likely increase on a year-on-year basis.

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. Based on our revised production and domestic sales and marketing plan which is in line with our business development strategy, we have reduced the production volume of existing konjac-based food products and are planning to launch new konjac-based convenience food products in the near future subsequent to our continuous efforts in the research and development of the products. In addition, we will enhance our own branded product positioning and extend the sales and distribution network in this business segment.

We have almost completed the construction of our new processing plants in Tie Ling Economic and Technological Development Zone. In July 2015, our production lines of processed food products were relocated to the new processing plants from the location of our business operation in Houyu Food Industry Zone. Consequently, the annual production capacity of our processed food products will also increase.

Barring unforeseen circumstances and global unstable economic environment, the Group remains cautiously optimistic about its performance for FY2016.

*1 mu is equivalent to approximately 667 square metres

About Yamada Green Resources Limited

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

As a key upstream player, we own shiitake mushroom cultivation bases, eucalyptus plantations and moso bamboo plantations, which allows Yamada to have better control of the production and ensure that the quality of our produces is consistent.

For enquiries, please contact:

Ms Chew Kim Kuan, Financial Controller

Yamada Green Resources Limited

Email: chewkimkuan@yamada-green.com