Yamada Green Resources Limited
Economic and Technological Development Zone
Minhou County, Fuzhou City,
Fujian Province, PRC 350101
www.yamada-green.com

**MEDIA RELEASE**

# YAMADA POSTED 2Q2016 EARNINGS OF RMB7.4 MILLION FROM REVENUE OF RMB115.1 MILLION

- **Revenue decreased by 34.8% to RMB115.1 million from RMB176.7 million in 2Q2015.**
- **Net earnings reduced from RMB22.1 million to RM7.4 million**

| Financial Highlights (RMB Million) | 2Q2016 | 2Q2015 | Change (%) | HY2016 | HY2015 | Change (%) |
|---|---|---|---|---|---|---|
| Revenue | **115.1** | 176.7 | (34.8) | **170.4** | 232.6 | (26.8) |
| Gross Profit | **18.8** | 41.3 | (54.6) | **32.9** | 59.4 | (44.7) |
| Gross Profit Margin (%) | **16.3** | 23.4 | (7.1) *ppt* | **19.3** | 25.6 | (6.3) *ppt* |
| Profit after Tax | **7.4** | 22.1 | (66.4) | **10.5** | 26.9 | (61.0) |

Singapore, 5 February 2016 – 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 mushrooms, 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"), wishes to announce our financial results for the second quarter ended 31 December 2015 ("2Q2016").

## 2Q2016 Results Highlights

### Revenue

Our revenue decreased by approximately RMB61.6 million or 34.8%, to approximately RMB115.1 million during October to December 2015 ("2Q2016") from approximately RMB176.7 million during the same period in 2014 ("2Q2015").

Sales of our self-cultivated shiitake mushrooms was approximately RMB31.0 million in 2Q2016, which decreased by approximately RMB67.9 million or 68.6% from approximately RMB98.9 million in 2Q2015. We produced approximately 5,420 tons of shiitake mushrooms in 2Q2016 compared to approximately 13,800 tons in 2Q2015. This was primarily attributable to the scaling back of our shiitake mushroom cultivation farmland from 3,342 mu in 2Q2015 to 1,184 mu in 2Q2016. The average selling price of our fresh shiitake mushroom decreased to approximately RMB5.8 per kg from approximately RMB7.2 per kg in the same period last year, due to an oversupply of shiitake mushrooms in the local market during the period, and exacerbated by a slowdown in the economy in China.

The decline in revenue of our shiitake mushroom business was mitigated by increased sales in our bamboo business line, subsequent to the expansion of our moso bamboo plantations from 100,845 mu in 2Q2015 to 115,992 mu in 2Q2016. Revenue from our bamboo business increased by RMB21.5 million or 80.2% to approximately RMB48.3 million in 2Q2016, from approximately RMB26.8 million in 2Q2015. There were approximately 67,590 tons of bamboo trees and 1,820 tons of winter bamboo shoots harvested in 2Q2016, in contrast to approximately 22,870 tons of bamboo trees and 1,679 tons of winter bamboo shoots harvested during 2Q2015.

Sales from the processed food products business segment decreased by approximately RMB15.2 million or 29.8%, to approximately RMB35.8 million in 2Q2016 from approximately RMB51.0 million in 2Q2015. This was mainly due to a decline in domestic sales of processed mushrooms. In addition, with increases in cost of raw materials and labour of processed mushrooms but no corresponding increases in average selling price of processed mushrooms, we reduced the production quantity of our processed mushrooms. Furthermore, production volume of the existing konjac-based dietary fibre food products also decreased on account of the changes in our production and sales strategy in the domestic market.

**Gross profit and gross profit margin**

Our gross profit decreased by approximately RMB22.5 million or 54.6%, to approximately RMB18.8 million in 2Q2016 from approximately RMB41.3 million in 2Q2015. The overall gross profit margin decreased to 16.3% in 2Q2016 compared to 23.4% in 2Q2015.

The gross profit margin of our cultivation business segment decreased to 10.1% in 2Q2016 from 21.5% in 2Q2015. This was mainly attributable to increased labour costs in cultivation of shiitake mushroom logs and harvesting of shiitake mushrooms without a corresponding increase in average selling price of the shiitake mushrooms. Furthermore, there was amortization of the prepaid lease and maintenance costs incurred in 2Q2016 for the bamboo plantations newly-leased in June 2015, which we have not commenced harvesting of moso bamboo trees from these plantations in 2Q2016. As a result, the average production costs of the cultivation business segment in 2Q2016 were higher than 2Q2015.

The gross profit margin of our processed food products business segment increased to 30.0% in 2Q2016 from 27.9% in 2Q2015. This was primarily due to changes in product mix.

## Future Outlook & Growth Strategies

On the back of an economic slowdown in China and rising raw material and labour costs, our cultivation business segment will continue to face challenges and rising competition in the near term. Nonetheless, we will continue to focus on our core businesses and the gradual shift from cultivation of mushrooms to the cultivation of bamboo.

To this end, we have further expanded our bamboo business by leasing another 13,704 mu* of bamboo plantations in January 2016. We expect the bamboo business to continue to be one of our main income stream going forward. Typhoons which struck Fujian last year did not significantly impact our moso bamboo plantations, as our bamboo plantations are located in mountainous areas that were relatively unaffected by the harsh weather.

We have also equipped ourselves better through an investment in a food processing company near our moso bamboo plantations. We expect the investment to strengthen our bamboo processing capabilities and to achieve potential cost savings for our processing business segment.

In view of the gaining popularity of e-commerce, we aim to incorporate e-commerce into our business model in order to expand our distribution network. We are in the midst of developing new products for the consumer market to be distributed through e-commerce.

The Management will continue to closely monitor the Group's operations amid the volatile economic environment.

*1 mu is equivalent to approximately 667 square metres

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

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For enquiries, please contact:

Ms Chew Kim Kuan, Financial Controller

Yamada Green Resources Limited

Email: chewkimkuan@yamada-green.com