



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

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## **TERMINATION OF LEASE AGREEMENTS IN RELATION TO SHIITAKE MUSHROOM CULTIVATION BASES**

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The board of directors (the “**Board**”) of Yamada Green Resources Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Zhangping Fengwang Agricultural Products Co., Ltd (“**Fengwang**”), a wholly-owned subsidiary of the Company, has on 25 June 2015 entered into agreements with:

- (a) Villagers’ Committee of Nanbing Village, Xi’nan Town, Zhangping City;
- (b) Villagers’ Committee of Tukeng Village, Xianghu Town, Zhangping City;
- (c) Villagers’ Committee of Kuantian Village, Xianghu Town, Zhangping City;
- (d) Villagers’ Committee of Xiaotan Village, Xi’nan Town, Zhangping City;
- (e) Villagers’ Committee of Yangmei Village, Xianghu Town, Zhangping City;
- (f) Villagers’ Committee of Zaotou Village, Xianghu Town, Zhangping City;
- (g) Villagers’ Committee of Langche Village, Xi’nan Town, Zhangping City; and
- (h) Villagers’ Committee of Changrong Village, Xi’nan Town, Zhangping City,

for the termination of lease of shiitake mushroom cultivation bases measuring an aggregate of approximately 2,158 mu\* (the “**Termination**”).

Upon the Termination, the Company’s total shiitake mushroom cultivation bases are expected to reduce from 3,342 mu\* to 1,184 mu\*. Following the Termination, an aggregate of RMB12,743,782 balance security deposit previously paid to the respective Villagers’ Committees will be refunded to Fengwang.

As the economic condition in China and across the world has been changing over the years, the Group has adjusted its business strategy in a bid to adapt to the economic environment. The Group continues its efforts in developing the products with greater potential in terms of the market trend in the future and scaling back output of the less lucrative products. The Group aims to achieve an optimal product structure and maximize its profitability. For several years, the production costs of the cultivation of shiitake mushrooms has been increasing, particularly labour costs involved in production of synthetic logs. This has led to decreasing profit margin in this business segment. In view of this, the management hopes to further reduce the Group’s reliance on the shiitake mushrooms business segment while expanding the moso bamboo trees and bamboo shoots business segment, which incurs lower labour costs.

The Termination is not expected to have any material impact on the net tangible assets of the Company for the current financial year ending 30 June 2015.

None of the directors or substantial shareholders of the Company have any interest, direct or indirect, in the above transaction, other than through their directorships or respective shareholdings in the Company (if any).

\*1 mu is equivalent to approximately 667 square meters

By order of the Board

Chen Qiu Hai  
Executive Chairman and Chief Executive Officer  
26 June 2015