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MEDIA RELEASE

YAMADA POSTED 2Q2017 REVENUE OF RMB108.4 MILLION

Financial Highlights (RMB Million)	**2Q2017**	**2Q2016**	**Change (%)**	**HY2017**	**HY2016**	**Change (%)**
Revenue	**108.4**	**115.1**	(5.9)	**150.8**	**170.4**	(11.5)
Gross Profit	**7.4**	**18.8**	(60.3)	**20.5**	**32.9**	(37.6)
Gross Profit Margin (%)	**6.9**	**16.3**	*(9.4) ppt*	**13.6**	**19.3**	*(5.7) ppt*
(Loss)/ Profit After Tax	**(13.9)**	**7.4**	*n/m*	**(13.4)**	**10.5**	*n/m*

n/m – not meaningful

Singapore, 14 February 2017 – 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 2016 (“2Q2017”).

2Q2017 Results Highlights

Revenue

Our revenue decreased by approximately RMB6.7 million or 5.9%, to approximately RMB108.4 million in 2Q2017 from approximately RMB115.1 million during the same period ended 2015 (“2Q2016”).

Sales from the processed food products business segment increased by approximately RMB15.6 million or 43.6%, to approximately RMB51.4 million in 2Q2017 from approximately RMB35.8 million in 2Q2016. This was mainly due to an increase in export sales to Japanese market, particularly sales of our processed bamboo shoots and water-boiled vegetables. In 2Q2017, we also recorded higher revenue in the domestic market from the sales of our new dietary fibre food products which was launched in the second half of the last financial year.

Sales of our self-cultivated shiitake mushrooms was approximately RMB20.5 million in 2Q2017, which decreased by approximately RMB10.5 million or 33.8% from approximately RMB31.0 million in 2Q2016. We produced approximately 4,440 tons of shiitake mushrooms from 1,184 mu of farmland in 2Q2017 compared to approximately 5,420 tons in 2Q2016. This was primarily attributable to the impact of adverse weather conditions, as typhoons that occurred in September and early part of October 2016 led to heavy rainfalls in Zhangping City and flooding of certain parts of our mushroom farmland where our synthetic logs were kept in preparation for the harvesting season. Although the affected logs appeared undamaged after the typhoons have passed and the water subsided, the production volume of shiitake mushroom during the harvesting season in 2Q2017 was lower compared to the same period of the last financial year. Additionally, a decline in the production volume of shiitake mushrooms was partly due to unfavorable higher temperatures during the winter in the locations of our mushroom farmland. The average selling price of our fresh shiitake mushroom decreased to approximately RMB4.7 per kg from approximately RMB5.8 per kg in the same period of the last financial year. This was mainly due to the quality of shiitake mushrooms produced and sold in 2Q2017, which was affected by the results of typhoons and warmer weather during the period. A slowdown in the economy in China further impacted the market price of shiitake mushroom in 2Q2017.

Revenue from our bamboo business decreased by RMB11.8 million or 24.4% to approximately RMB36.5 million in 2Q2017, from approximately RMB48.3 million in 2Q2016. There were approximately 47,430 tons of bamboo trees and approximately 1,770 tons of winter bamboo shoots harvested and sold in 2Q2017, in contrast to approximately 67,590 tons of bamboo trees and approximately 1,820 tons of winter bamboo shoots harvested during 2Q2016. This was primarily due to a smaller order quantity of moso bamboo trees and bamboo shoots placed by our customers in 2Q2017 based on their requirements for the bamboo products during the period.

Gross profit and gross profit margin

Our overall gross profit decreased by approximately RMB11.3 million or 60.3%, from approximately RMB18.8 million in 2Q2016 to approximately RMB7.4 million in 2Q2017. The overall gross profit margin decreased to 6.9% in 2Q2017 compared to 16.3% in 2Q2016.

The gross profit margin of our processed food products business increased to 33.6% in 2Q2017 from 30.0% in 2Q2016. This was primarily due to changes in product mix sold to the Japanese market.

Our shiitake mushroom business generated a gross loss in 2Q2017, mainly attributable to the impact of unfavorable weather conditions on the cultivation of our shiitake mushrooms. As a result, a lower production volume of shiitake mushroom in 2Q2017 led to a higher unit cost of production, and exacerbated by a lower average selling price of the products.

Selling and distribution expenses

Selling and distribution expenses increased by RMB9.2 million to approximately RMB10.1 million in 2Q2017, from RMB0.9 million in 2Q2016. The increase was mainly due to progressive payments made for maintaining and hosting our e-commerce platform, commission paid to distributors of processed food products, advertising to publicise our new dietary fibre food products, and appointing marketing experts to assist in planning and implementing sales and marketing strategy for our processed food products.

Total comprehensive income for the period

The resulting net loss for 2Q2017 under review was approximately RMB13.9 million compared to a net profit of approximately RMB7.4 million in 2Q2016.

Future Outlook & Growth Strategies

In the midst of global economic slowdown, we will continue to focus on our core business and cautiously proceed with our business development, including business enhancements and transitions.

Cultivation of our shiitake mushroom during this harvesting season was affected by typhoons whereas our moso bamboo plantations were not significantly impacted by the unfavorable weather conditions. We currently operate 1,184 mu of mushroom farmland and 129,696 mu of bamboo plantations. We will continue to monitor the performance of our cultivation business and implement an appropriate business strategy.

We believe the increasing urbanisation in the PRC and consumers' greater emphasis on health issues will continue to lead to a sustainable market demand for healthy and convenience food products. In order to capitalize on this business growth opportunity, we will continue to strengthen our deep processed food products, including our dietary fiber food products, to satisfy consumer demand. We will enhance our own branded product positioning and extend the sales and distribution network in this segment, such as our e-commerce platform which was launched in 2016.

In the face of challenging operating environment in China, the management will continue to closely monitor the Group's operations.

*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 and e-commerce platform under our trademarked brands, such as "旺成食品", "研食坊", "第七庄园" and "我享受". The products are also exported to overseas markets, mainly Japan, under our customers' brand names.

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