



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 2016

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.

The Group	3 Months Ended			Half-Year Ended		
	31 Dec 2016 RMB'000	31 Dec 2015 RMB'000	Change %	31 Dec 2016 RMB'000	31 Dec 2015 RMB'000	Change %
Revenue	108,417	115,154	(5.9)	150,766	170,372	(11.5)
Cost of sales	(100,964)	(96,399)	4.7	(130,253)	(137,498)	(5.3)
Gross profit	7,453	18,755	(60.3)	20,513	32,874	(37.6)
Gross profit margin	6.9%	16.3%	(9.4) ppt	13.6%	19.3%	(5.7) ppt
<i>Other items of income</i>						
Interest income	10	32	(68.8)	25	53	(52.8)
Other income	2,705	3,584	(24.5)	3,254	4,464	(27.1)
<i>Other items of expenses</i>						
Selling and distribution expenses	(10,134)	(896)	1031.0	(13,665)	(1,652)	727.2
Administrative expenses	(7,633)	(10,559)	(27.7)	(14,543)	(18,235)	(20.2)
Other operating expenses	(2,513)	(1,143)	119.9	(3,369)	(2,511)	34.2
Finance cost	(34)	(619)	(94.5)	(68)	(1,171)	(94.2)
Share of results of associate	85	-	n/m	228	-	n/m
Profit/(loss) before income tax	(10,061)	9,154	n/m	(7,625)	13,822	n/m
Income tax expense	(3,813)	(1,719)	121.8	(5,743)	(3,312)	73.4
Profit/(loss) for the financial period, representing total comprehensive income/(loss) for the financial period	(13,874)	7,435	n/m	(13,368)	10,510	n/m
<i>Profit/(loss) attributable to:</i>						
Owners of the Company	(13,874)	7,435	n/m	(13,368)	10,510	n/m
<i>Total comprehensive income/(loss) attributable to:</i>						
Owners of the Company	(13,874)	7,435	n/m	(13,368)	10,510	n/m

n/m – not meaningful

- 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			Half-Year Ended		
	31 Dec 2016 RMB'000	31 Dec 2015 RMB'000	Change %	31 Dec 2016 RMB'000	31 Dec 2015 RMB'000	Change %
Amortisation of land use rights	135	135	-	271	270	0.3
Amortisation of biological assets ⁽¹⁾	27,087	25,471	6.3	27,087	25,471	6.3
Amortisation of prepayments	34,479	31,950	7.9	40,083	45,710	(12.3)
Depreciation of property, plant and equipment	1,752	2,244	(21.9)	3,655	4,753	(23.1)
Depreciation of investment properties	403	571	(29.4)	805	571	41.0
Amortisation of intangible assets	150	-	n/m	300	-	n/m
Exchange gain, net	(1,702)	(2,779)	(38.8)	(1,719)	(3,035)	(43.4)
Interest income	(10)	(32)	(68.8)	(25)	(53)	(52.8)
Interest expenses on bank loan	34	619	(94.5)	68	1,171	(94.2)
Government grants	(303)	(120)	152.5	(303)	(335)	(9.6)
Rental income	(452)	(295)	53.2	(963)	(444)	116.9

⁽¹⁾The biological assets represent synthetic logs of shiitake mushroom 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 2016	As at 30 Jun 2016	As at 31 Dec 2016	As at 30 Jun 2016
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	159,747	163,206	6	9
Biological assets ⁽¹⁾	176,932	176,932	-	-
Land use rights	23,744	24,015	-	-
Investment properties	29,550	30,356	-	-
Investments in subsidiaries	-	-	163,975	161,909
Investment in an associate	45,194	44,966	-	-
Intangible assets	2,426	2,700	26	-
Prepayments	330,155	345,638	5,772	4,626
Deferred tax assets	2,005	2,005	-	-
	769,753	789,818	169,779	166,544
Current assets				
Biological assets ⁽²⁾	37,405	7,380	-	-
Inventories	17,888	15,468	-	-
Trade receivables	42,821	26,370	-	-
Other receivables	147,021	161,131	153,563	136,421
Tax recoverable	63	63	-	-
Cash and bank balances	11,243	11,143	3,878	6,292
	256,441	221,555	157,441	142,713
Less:				
Current liabilities				
Trade and other payables	21,618	14,614	491	1,036
Bank borrowings	1,506	1,512	506	512
Current income tax payable	4,479	3,635	735	735
	27,603	19,761	1,732	2,283
Net current assets	228,838	201,794	155,709	140,430
Non-current liability				
Bank borrowings	2,827	1,943	2,827	1,943
Deferred tax liability	3,711	3,711	-	-
	6,538	5,654	2,827	1,943
Net assets	992,053	985,958	322,661	305,031
Capital and reserves				
Share capital	322,210	301,346	322,210	301,346
Share-based payment reserve	2,016	2,016	2,016	2,016
Statutory reserve	73,276	71,135	-	-
Accumulated profits/(loss)	594,551	611,461	(1,565)	1,669
Total equity	992,053	985,958	322,661	305,031

⁽¹⁾The item represents eucalyptus trees, moso bamboo trees and bamboo shoots held by the Group.

⁽²⁾The item represents synthetic logs of shiitake mushroom 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 December 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB1,506,000	Nil	RMB17,000,000	Nil

Amount repayable after one year

As at 31 December 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB2,827,000	Nil	Nil	Nil

Details of any collateral

The Company's wholly-owned subsidiary, Wangcheng Foods Development Co., Ltd. ("Wangcheng"), has credit facilities (the "Facilities") up to an aggregate principal amount of RMB17 million granted by Postal Savings Bank of China (the "Bank"). Wangcheng has pledged its buildings and land use rights as collateral for the Facilities in favour of the Bank. The Executive Chairman and Chief Executive Officer (the "CEO") of the Company and his wife have jointly and severally provided a personal guarantor for the facility offered by the Bank. As at end of the financial period, Wangcheng has drawn down an aggregate loan amount of RMB1 million.

In addition, the Company has taken a mortgage loan of approximately S\$1.3 million granted by Hong Leong Finance to finance the acquisition of an office unit in Singapore. The loan tenure is 15 years. As at end of the financial period, the Company has drawn down an aggregate loan amount of approximately S\$0.7 million.

As at 31 December 2016, the Group's total outstanding loan amount was approximately RMB4.3 million of which approximately RMB1.5 million are repayable within 1 year and the rest of the loan amount are repayable after 1 year.

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.

The Group	3 Months Ended		Half-Year Ended	
	31 Dec 2016 RMB'000	31 Dec 2015 RMB'000	31 Dec 2016 RMB'000	31 Dec 2015 RMB'000
Cash flow from operating activities				
Profit/(loss) before income tax	(10,061)	9,154	(7,625)	13,822
<i>Adjustment for:</i>				
Depreciation of property, plant and equipment	1,752	2,244	3,655	4,753
Depreciation of investment properties	403	571	805	571
Amortisation of land use rights	135	135	271	270
Amortisation of biological assets ⁽¹⁾	27,087	25,471	27,087	25,471
Amortisation of intangible assets	150	-	300	-
Amortisation of prepayments	34,479	31,950	40,084	45,710
Interest income	(10)	(32)	(25)	(53)
Interest expenses	34	619	68	1,171
Share of results of associate	(85)	-	(228)	-
Operating profits before working capital changes	53,884	70,112	64,392	91,715
<i>Working capital changes:</i>				
Biological assets ⁽¹⁾	(57,112)	(53,786)	(57,112)	(53,786)
Inventories	1,436	(173)	(2,419)	2,390
Trade and other receivables	(238)	(11,617)	(15,784)	(46,231)
Trade and other payables	(108)	9,053	7,003	6,860
Cash used in operations	(2,138)	13,589	(3,920)	948
Interest received	10	32	25	53
Income taxes paid	(1,980)	(1,594)	(4,899)	(5,093)
Net cash generated from/(used in) operating activities	(4,108)	12,027	(8,794)	(4,092)
Cash flow used in investing activities				
Purchase of property, plant and equipment	(6)	(637)	(196)	(2,253)
Purchase of intangible assets	(26)	-	(26)	-
Prepayments	(11,157)	(7,716)	(11,157)	(11,186)
Investment in an associate	-	(39,933)	-	(39,933)
Refund from prepaid lease	-	-	-	12,744
Net cash used in investing activities	(11,189)	(48,286)	(11,379)	(40,628)

The Group	3 Months Ended		Half-Year Ended	
	31 Dec 2016 RMB'000	31 Dec 2015 RMB'000	31 Dec 2016 RMB'000	31 Dec 2015 RMB'000
Cash flow from financing activities				
Issue of ordinary shares	-	-	20,864	80,256
Proceeds from bank borrowings	1,131	-	1,131	17,000
Repayments of bank borrowings	(94)	(25,000)	(253)	(42,000)
Interest paid	(34)	(619)	(68)	(1,171)
Dividend payment	(1,401)	(4,849)	(1,401)	(4,849)
Net cash generated from/(used in) financing activities	(398)	(30,468)	20,273	49,236
Net (decrease)/increase in cash and bank balances	(15,695)	(66,727)	100	4,516
Cash and bank balances at beginning of the financial period	26,938	98,683	11,143	27,440
Cash and bank balances at end of the financial period	11,243	31,956	11,243	31,956

⁽¹⁾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 Company →				
	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000	Total equity RMB'000
Balance as at 01.07.2016	301,346	2,016	71,135	611,461	985,958
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	506	506
<u>Contributions by and distributions to owners of the Company</u>					
Issue of ordinary shares	20,864	-	-	-	20,864
Total contributions by and distributions to owners of the Company	20,864	-	-	-	20,864
Balance as at 30.09.2016	322,210	2,016	71,135	611,967	1,007,328
Loss for the financial period, representing total comprehensive loss for the financial period	-	-	-	(13,874)	(13,874)
<u>Contributions by and distributions to owners of the Company</u>					
Transfer to statutory reserve	-	-	2,141	(2,141)	-
Dividend payment				(1,401)	(1,401)
Total contributions by and distributions to owners of the Company	-	-	2,141	(3,542)	(1,401)
Balance as at 31.12.2016	322,210	2,016	73,276	594,551	992,053

← Attributable to owners of the Company →

<u>The Group</u>	Share capital RMB'000	Share- based payment reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000	Total equity RMB'000
Balance as at 01.07.2015	221,090	2,016	65,338	585,069	873,513
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	3,075	3,075
<u>Contributions by and distributions to owners of the Company</u>					
Issue of ordinary shares	80,256	-	-	-	80,256
Total contributions by and distributions to owners of the Company	80,256	-	-	-	80,256
Balance as at 30.09.2015	301,346	2,016	65,338	588,144	956,844
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	7,435	7,435
<u>Contributions by and distributions to owners of the Company</u>					
Transfer to statutory reserve	-	-	1,990	(1,990)	-
Dividend payment	-	-	-	(4,849)	(4,849)
Total contributions by and distributions to owners of the Company	-	-	1,990	(6,839)	(4,849)
Balance as at 31.12.2015	301,346	2,016	67,328	588,740	959,430

<u>The Company</u>	Share capital RMB'000	Share-based payment reserve RMB'000	Accumulated profits/(losses) RMB'000	Total equity RMB'000
Balance as at 01.07.2016	301,346	2,016	1,669	305,031
Loss for the financial period representing total comprehensive income loss for the financial period	-	-	(563)	(563)
<u>Contributions by and distributions to owners of the parent</u>				
Issue of ordinary shares	20,864	-	-	20,864
Total contributions by and distributions to owners of the parent	20,864	-	-	20,864
Balance as at 30.09.2016	322,210	2,016	1,106	325,332
Loss for the financial period representing total comprehensive loss for the financial period	-	-	(1,270)	(1,270)
<u>Contributions by and distributions to owners of the parent</u>				
Dividend payment	-	-	(1,401)	(1,401)
Total contributions by and distributions to owners of the parent	-	-	(1,401)	(1,401)
Balance as at 31.12.2016	322,210	2,016	(1,565)	322,661

Yamada Green Resources Limited

<u>The Company</u>	Share capital RMB'000	Share-based payment reserve RMB'000	Accumulated profits/(losses) RMB'000	Total equity RMB'000
Balance as at 01.07.2015	221,090	2,016	5,220	228,326
Loss for the financial period representing total comprehensive loss for the financial period	-	-	(698)	(698)
<u>Contributions by and distributions to owners of the parent</u>				
Issue of ordinary shares	80,256	-	-	80,256
Total contributions by and distributions to owners of the parent	80,256	-	-	80,256
Balance as at 30.09.2015	301,346	2,016	4,522	307,884
Profit for the financial period representing total comprehensive loss for the financial period	-	-	401	401
<u>Contributions by and distributions to owners of the parent</u>				
Dividend payment	-	-	(4,849)	(4,849)
Total contributions by and distributions to owners of the parent	-	-	(4,849)	(4,849)
Balance as at 31.12.2015	301,346	2,016	74	303,436

- 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.**

During the financial period, the Company completed a placement on 27 July 2016. After the completion of the placement, the company has allotted and issued 14,598,013 new ordinary shares at S\$0.2928 each placement share.

These new shares have been listed and quoted on the Singapore Exchange Securities Trading Limited and rank pari passu in all respects with the existing shares of the Company. Pursuant to the above issue and allotment of the new ordinary shares, the number of issued and paid-up shares in the capital of the Company increased from 162,200,151 ordinary shares to 176,798,164 ordinary shares.

There were no outstanding convertibles or treasury shares held as at 31 December 2016 and 31 December 2015.

- 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.**

<u>Total number of issued shares (excluding treasury shares)</u>	
As at 30 June 2016	162,200,151
Issue of ordinary shares	14,598,013
As at 31 December 2016	<u>176,798,164</u>

- 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 2016 except for the valuation of biological assets, 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.**

	3 Months Ended		Half-Year Ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
<u>The Group</u>				
(Losses)/ earnings per share (RMB cents)				
- <i>basic</i>	(7.85)	5.65	(7.67)	7.16
- <i>diluted</i>	(7.85)	5.65	(7.67)	7.16
Weighted average number of ordinary shares ('000) - <i>basic</i>	176,798	131,580	174,365	146,890
Weighted average number of ordinary share ('000) - <i>diluted</i>	176,798	131,580	174,365	146,890

Basic earnings/ losses per share are calculated by dividing the net profit/ loss 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/ losses per share are calculated by dividing the profit/ loss 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.

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.

<u>The Group</u>	As at 31 Dec 2016	As at 30 Jun 2016
Net asset value per share (RMB cents)	561.1	607.9
Number of ordinary shares ('000)	176,798	162,200
<u>The Company</u>	As at 31 Dec 2016	As at 30 Jun 2016
Net asset value per share (RMB cents)	182.5	188.1
Number of ordinary shares ('000)	176,798	162,200

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 2016 ("2Q2017")

	2Q2017		HY2017	
	(RMB'million)	%	(RMB'million)	%
Cultivation Business Segment				
- Shiitake mushroom	20.5	18.9	20.5	13.6
- bamboo trees and bamboo shoots	36.5	33.7	42.3	28.0
Processed Food Business Segment	51.4	47.4	88.0	58.4
Total Revenue	108.4		150.8	

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.

Other operating income

Other operating income of approximately RMB2.7 million in 2Q2017 comprised of interest income, rental income, government subsidies, foreign currency exchange gain and other miscellaneous income. Our subsidiary, Wangcheng Foods Development Co., Ltd (“Wangcheng”), received government subsidies in 2Q2017 as Wangcheng was awarded the prize of Dragon Head Enterprise by the local government, and for subsidizing R&D of our processed food products. We also received rental income of approximately RMB0.5 million in this quarter from leasing spare space of office and plants in our subsidiaries to external parties. In addition, there was a net foreign currency exchange gain from the US dollar-denominated sales, as a result of appreciation of the US Dollar against the Renminbi in 2Q2017.

Operating 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.

Administrative expenses decreased by approximately RMB3.0 million or 27.7% to approximately RMB7.6 million in 2Q2017, from approximately RMB10.6 million in 2Q2016. This mainly arose from lower depreciation of mushroom tents in this quarter after the disposal of part of our mushroom tents. Additionally, there were lower staff costs incurred by our cultivating business after scaling back our mushroom farmland to 1,184 mu.

Other operating expenses increased by approximately RMB1.4 million to approximately RMB2.5 million in 2Q2017, from approximately RMB1.1 million in 2Q2016. This primarily due to additional payments for maintenance of our eucalyptus plantations which were affected by adverse weather conditions during the winter in 2016.

Finance cost

Finance cost were less than RMB0.1 million in 2Q2017, decreased from RMB0.6 million in 2Q2016. This was mainly due to lower bank loans of approximately RMB4.3 million in 2Q2017 compared to RMB17.0 million in 2Q2016.

Share of results of associate

The Group's share of results of associate of approximately RMB0.1 million for 2Q2017 relates to Fujian Tianwang Foods Co., Limited ("Tianwang"), which we own 45% of its shareholding. Tianwang's source of revenue in 2Q2017 was generated mainly from the sales of processed vegetables, including processed bamboo shoots, winter bamboo shoots and bamboo trees.

Income tax expenses

Our income tax expense was approximately RMB3.8 million in 2Q2017 compared to approximately RMB1.8 million in 2Q2016. This was mainly due to higher earnings contributed from our subsidiaries Fuzhou Wangcheng Foods Development Co.,Ltd ("Wangcheng") and Nanping Yuanwang Foods Co.,Ltd ("Yuanwang") in 2Q2017 which are subject to the Enterprise Income Tax at the rate of 25%. On the other hand, our cultivation business segment is exempt from the Enterprise Income Tax and the value-added tax.

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.

Review of performance for the half-year ended 31 December 2016 ("HY2017")

Revenue

Our revenue decreased by approximately RMB19.6 million or 11.5%, to approximately RMB150.8 million in HY2017 from approximately RMB170.4 million during the same period ended December 2015 ("HY2016").

Sales from the processed food products business segment increased by approximately RMB12.4 million or 16.4%, to approximately RMB88.0 million in HY2017 from approximately RMB75.6 million in HY2016. It was primarily due to increased export sales to Japanese market, particularly sales of our processed bamboo shoots and water-boiled vegetables. In HY2017, we also recorded higher sales in the local market, mainly sales of our new dietary fibre food products which was launched in the domestic market in the second half of the last financial year.

Sales of our self-cultivated shiitake mushrooms was approximately RMB20.5 million in HY2017, which decreased by approximately RMB10.5 million or 33.8% from approximately RMB31.0 million in HY2016. We produced approximately 4,440 tons of shiitake mushrooms from 1,184 mu of farmland in HY2017 compared to approximately 5,420 tons in HY2016. 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 water subsided, the production volume of shiitake mushroom during the harvesting season in HY2017 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 HY2017, 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 HY2017.

Revenue from our bamboo business decreased by RMB21.5 million or 33.6% to approximately RMB42.3 million, from approximately RMB63.8 million in HY2017. There were approximately 59,770 tons of bamboo trees and approximately 1,770 tons of winter bamboo shoots harvested in HY2017, in contrast to approximately 99,720 tons of bamboo trees and 1,820 tons of winter bamboo shoots harvested during HY2016. This was primarily due to a smaller order quantity of moso bamboo trees and bamboo shoots placed by our customers in HY2017 based on their requirements for the bamboo products during the period.

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB12.4 million or 37.6%, to approximately RMB20.5 million in HY2017 from RMB32.9 million in HY2016. The overall gross profit margin decreased from 19.3% in HY2016 to 13.6% in HY2017.

The gross profit margin of our processed food product business segment increased to 33.1% in HY2017 from 28.5% in HY2016. This was primarily due to changes in product mix sold to the Japanese market.

Our shiitake mushroom business generated a gross loss in HY2017, mainly due 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 HY2017 led to a higher unit cost of production, and exacerbated by a lower average selling price of the products.

Other operating income

Other operating income of approximately RMB3.3 million in HY2017 comprised of interest income, rental income, government subsidies, foreign currency exchange gain and other miscellaneous income. Our subsidiary, Wangcheng Foods Development Co., Ltd (“Wangcheng”), received government subsidies in HY2017 as Wangcheng was awarded the prize of Dragon Head Enterprise by the local government, and for subsidizing R&D of our processed food products. We also received rental income of approximately RMB1.0 million in HY2017 from leasing spare space of office and plants in our subsidiaries to external parties. In addition, there was a net foreign currency exchange gain from the US Dollar denominated sales, as a result of appreciation of the US Dollar against the Renminbi in HY2017.

Operating expenses

Selling and distribution expenses increased by RMB12.1 million to approximately RMB13.7 million in HY2017, from RMB1.6 million in HY2016. 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.

Administrative expenses decreased by approximately RMB3.7 million or 20.2% to approximately RMB14.5 million in HY2017, from approximately RMB18.2 million in HY2016. It mainly arose from lower depreciation of mushroom tents in HY2017 after the disposal of part of our mushroom tents. Additionally, there were lower staff costs incurred by our cultivating business of shiitake mushroom after scaling back our mushroom farmland to 1,184 mu.

Other operating expenses increased by approximately RMB0.9 million to approximately RMB3.4 million in HY2017 from approximately RMB2.5 million in HY2016. It was mainly as a result of additional payments for maintenance of our eucalyptus plantations which were affected by adverse weather conditions during the winter in 2016.

Finance cost

Finance cost were approximately RMB0.1 million in HY2017, decreased from approximately RMB1.1 million in 2Q2016. This was mainly due to lower bank loans of approximately RMB4.3 million in HY2017 compared to RMB17.0 million in HY2016.

Share of results of associate

The Group's share of results of associate of approximately RMB0.2 million for HY2017 relates to Fujian Tianwang Foods Co., Limited ("Tianwang"), which we own 45% of its shareholding. Tianwang's source of revenue in HY2017 was generated mainly from the sales of processed vegetables, including processed bamboo shoots, winter bamboo shoots and bamboo trees.

Income tax expenses

Our income tax expense was approximately RMB5.7 million in HY2017 compared to approximately RMB3.3 million in HY2016. This was mainly due to higher earnings contributed from our subsidiaries Fuzhou Wangcheng Foods Development Co.,Ltd ("Wangcheng") and Nanping Yuanwang Foods Co.,Ltd ("Yuanwang") in HY2017 which are subject to the Enterprise Income Tax at the rate of 25%. Our cultivation business segment is exempt from the Enterprise Income Tax and the value-added tax.

Total comprehensive income for the period

The resulting net loss for HY2017 under review was approximately RMB13.4 million compared to a net profit of RMB10.5 million in HY2016.

STATEMENT OF FINANCIAL POSITION

Our non-current assets decreased by approximately RMB20.0 million or 2.5% to approximately RMB769.7 million as at 31 December 2016, from approximately RMB789.8 million as at 30 June 2016. The decrease was mainly due to amortisation and depreciation of non-current assets in HY2017.

Our current assets increased by approximately RMB34.9 million or 15.7% to approximately RMB256.4 million as at 31 December 2016, from approximately RMB221.6 million as at 30 June 2016. It was mostly attributable to an increase in capitalized cost of mushroom synthetic logs. The trade receivables also increased as a result of higher sales generated from the processed food business. Additionally, we have made additional prepayments of maintenance costs for eucalyptus plantations and bamboo plantations. The increase in current assets was partly offset by amortisation of the mushroom synthetic logs and the prepayments.

Non-current liabilities increased by approximately RMB0.9 million to approximately RMB6.5 million as at 31 December 2016, from approximately RMB5.6 million as at 30 June 2016. The increase was mainly attributable to an additional drawdown from a bank borrowing for the acquisition of property.

Our current liabilities increased by approximately RMB7.8 million or 39.7% to approximately RMB27.6 million as at 31 December 2016, from approximately RMB19.8 million as at 30 June 2016. The increase mainly arose from increased advances from our customers.

Our capital and reserves increased by approximately RMB6.0 million or 0.6%, from approximately RMB986.0 million as at 30 June 2016 to approximately RMB992.0 million as at 31 December 2016. This mainly as a result of the issue of new ordinary shares arising from the placement, which was completed in July 2016. The increase was partly offset by a net loss generated from the business in HY2017.

STATEMENT OF CASH FLOWS

2Q2017

For the three months ended 31 December 2016, we recorded net cash used in operating activities of approximately RMB4.1 million. Cash generated from operating activities before changes in working capital was approximately RMB53.9 million. Working capital outflow of approximately RMB56.0 million was mainly due to additional capitalised value of mushroom logs in 2Q2017. Furthermore, net of cash outflow from interest income received and income tax paid was approximately RMB2.0 million.

A net cash of approximately RMB11.2 million was used in investing activities. It was mainly due to additional prepayments for maintenance of eucalyptus plantations and an increase in long-term deposit paid for acquisition of property.

In 2Q2017, a net cash of approximately RMB0.4 million was used in financing activities. It was primarily attributable to a dividend payout for FY2016 of approximately RMB1.4 million, repayments of bank borrowings and interest payments for bank loans. The cash outflow was partly offset by additional drawdown from bank borrowing of about RMB1.1 million.

HY2017

For the six months ended 31 December 2016, we recorded net cash used in operating activities of approximately RMB8.8 million. This consisted of cash generated from operating activities before changes in working capital of approximately RMB64.4 million, working capital outflow of approximately RMB68.3 million, and net of cash outflow amounting to approximately RMB4.9 million from interest income received and income tax paid.

The net working capital outflow mainly arose from higher trade receivables as a result of higher sales of the processed food, an additional capitalised value of mushroom logs and increases in prepaid maintenance costs for our bamboo plantations. The cash outflow was partly offset by an increase in advances from customers.

A net cash of approximately RMB11.4 million was used in investing activities. It was mainly due to additional prepayments for maintenance of eucalyptus plantations and an increase in long-term deposit paid for acquisition of property.

Net cash generated from financing activities was approximately RMB20.3 million. It was mostly due to the net proceeds received from the share placement which was completed in July 2016, and additional drawdown from bank borrowing of about RMB1.1 million. The amount was partly offset by a dividend payout for FY2016 of approximately RMB1.4 million, repayments of bank loan and interest expenses paid for bank borrowings.

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.

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

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 2016.

- 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 2016. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

- 14. Update of Use of Proceeds of Share placement**

Net proceeds of approximately RMB20.9 million (approximately S\$4.2 million) was raised from the share placement, which was completed in July 2016. Part of the net proceeds amounting to approximately S\$3.2 million had been utilised as announced on 3 November 2016.

- 15. 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 2016 to be false or misleading in any material aspect.

- 16. Confirmation that the issue has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual.**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

Chen Qiuhai
Executive Chairman and CEO

14 February 2017