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MEDIA RELEASE

YAMADA POSTED 1Q2017 EARNINGS OF RMB0.5 MILLION FROM REVENUE OF RMB42.3 MILLION

- Revenue decreased by 23.3% to RMB42.3 million from RMB55.2 million in 1Q2016.
- Net earnings reduced from RMB3.1 million in 1Q2016 to RM0.5 million

Financial Highlights	1Q2017	1Q2016	Change (%)
Revenue (RMB' million)	42.3	55.2	(23.3)
Gross Profit (RMB' million)	13.1	14.1	(7.5)
Gross Profit Margin (%)	30.8%	25.6%	5.2 ppt
Profit after Tax (RMB' million)	0.5	3.1	(83.5)

Singapore, 28 October 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 first quarter ended 30 September 2016 (“1Q2017”).

1Q2017 Results Highlights

Revenue

Our revenue declined by approximately RMB12.9 million or 23.3% to approximately RMB42.3 million in 1Q2017, from approximately RMB55.2 million for the quarter ended 30 September 2015 (“1Q2016”). The revenue derived from sales of processed food products and moso bamboo trees in 1Q2017.

Sales of our moso bamboo trees was approximately RMB5.7 million, decreased by approximately RMB9.7 million in 1Q2017 from approximately RMB15.4 million in 1Q2016. There were approximately 12,340 tonnes of moso bamboo trees harvested and sold in

1Q2017 compared to 32,130 tons in 1Q2016. This was primarily due to a smaller order quantity of moso bamboo trees placed by our customers in 1Q2017 based on their needs for the bamboo trees during the period.

Sales of our processed food products was approximately RMB36.6 million in 1Q2017, decreased by approximately RMB3.2 million or 8.0 % from approximately RMB39.8 million in 1Q2016. This was mainly because we ceased to produce and sell processed mushrooms in the domestic markets owing to an increase in cost of raw material of processed mushrooms without corresponding increases in the average selling price of the processed mushrooms. On the other hand, we have reallocated part of the production capacity to our new dietary fibre food products since the second half of the last financial year. Sales of the new processed food products accounted for about 10% of the total revenue of processed food segment in 1Q2017.

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB1.0 million or 7.5% to approximately RMB13.1 million in 1Q2017, from approximately RMB14.1 million in 1Q2016.

The overall gross profit margin rose to 30.8% in 1Q2017 from 25.6% in 1Q2016.

The gross profit margin of our bamboo business remained almost constant at 21.1% in 1Q2017 compared to 21.6% in 1Q2016.

The gross profit margin of our processed food product business segment increased to 32.4% in 1Q2017 from 27.1% in 1Q2016, mainly due to changes in product mix. In addition, we have adjusted our sales and production strategy in local market for our processed food segment that we reduced the production and sales quantity of the low margin products and increased the dietary fibre food products which have higher profit margin.

Selling and distribution expenses

Selling and distribution expenses increased to approximately RMB3.5 million in 1Q2017 from RMB0.8 million in 1Q2016. The increase was mainly due to progressive payments made for producing and hosting our e-commerce platform, commission paid to distributors, advertising to publicise our new dietary fibre food products and appointing marketing experts to assist in planning and implementing marketing strategy for the new processed food products.

Income tax expenses

Our income tax expense was approximately RMB1.9 million in 1Q2017 compared to approximately RMB1.6 million in 1Q2016. This was because most of our earnings in 1Q2017 derived from our processed food segment which are subject to the Enterprise Income Tax at the rate of 25%. In 1Q2016, there was higher earnings contributed from our cultivation business segment which is exempt from the Enterprise Income Tax and the value-added tax. The effective tax rate is approximately 79.2% in 1Q2017.

Future Outlook & Growth Strategies

Amid challenging operating environment in China, we will continue to focus on our fundamental business and cautiously proceed with our business development.

Our shiitake mushroom harvesting season will commence in the next quarter, we will harvest shiitake mushrooms from 1,184* mu mushroom farmland. In addition, we expect to continue to harvest bamboo products from our moso bamboo plantations until the fourth quarter of this financial year.

For our processed food segment, we will continue to step up our effort in promoting sales of our konjac-based dietary food products through our e-commerce platform. The e-commerce platform is also utilised as a media to advertise and publicise the products in order to increase consumers' awareness.

In the face of slowdown in the economy 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 under our trademarked brands, such as “旺成食品”, “研食坊”, “第七庄园” and “我享受”, and are exported to overseas markets, mainly Japan, under our customers' brand names.

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