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MEDIA RELEASE

YAMADA POSTED 3Q2017 REVENUE OF RMB80.1MILLION

Financial Highlights (RMB Million)	3Q2017	3Q2016	Change (%)	9M2017	9M2016	Change (%)
Revenue	**80.1**	**106.0**	(24.4)	**230.9**	**276.5**	(16.4)
Gross Profit	**(29.3)**	**11.4**	n/m	**(8.8)**	**44.2**	n/m
Gross Profit Margin/ (Loss) (%)	**(36.5%)**	**10.7%**	n/m	**(3.8%)**	**16.0%**	n/m
(Loss)/ Profit After Tax	**(58.1)**	**7.3**	n/m	**(71.4)**	**17.8**	n/m

n/m – not meaningful

Singapore, 12 May 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 third quarter ended 31 March 2017 ("3Q2017").

3Q2017 Results Highlights

Revenue

Our revenue decreased by approximately RMB25.9 million or 24.4%, to approximately RMB80.1 million in 3Q2017 from approximately RMB106.0 million during the same period ended 31 March 2016 ("3Q2016").

Sales from the processed food products business segment increased by approximately RMB14.7 million or 45.7%, to approximately RMB46.9 million in 3Q2017 from approximately RMB32.2 million in 3Q2016. We saw an increase in both local and export sales in 3Q2017, particularly sales of our new dietary fibre food products in the domestic market. The new dietary fibre food products was launched to market in the second half of the last financial year. We also export our processed food products to Japanese market, we have established a long-standing working relationship with our main Japanese customers.

Sales from the cultivation business segment was approximately RMB33.2 million in 3Q2017, which decreased by approximately RMB40.5 million or 55.0% from approximately RMB73.7 million in 3Q2016. The cultivation and harvesting of our shiitake mushroom in this quarter was affected by adverse weather conditions, including typhoons that occurred in late 2016 and unfavourable higher weather temperature. As a result, the volume of shiitake mushroom produced from our farmland during the harvesting season was lower compared to the same period of the last financial year. The order quantity of bamboo shoots placed by our customers in 3Q2017 was also smaller compared to the previous period. Additionally, the slowdown in the economy in China, oversupply of bamboo shoots in the local market and the poorer quality of shiitake mushrooms produced in this quarter led to lower average selling prices of our self-cultivated products in 3Q2017 compared to 3Q2016.

Gross profit and gross profit margin

In 3Q2017, there was an overall gross loss of approximately RMB29.3 million and a gross loss margin of approximately 36.5% in 3Q2017, compared to a gross profit of approximately RMB11.4 million and a gross profit margin of approximately 10.7% in 3Q2016. The gross loss incurred in 3Q2017 was mainly due to a loss derived from the cultivation business. An increase in labour costs and lower production volume of the self-cultivated products in 3Q2017 resulted in a higher unit cost of production. In addition, lower market prices of shiitake mushoom and bamboo shoots further impacted our cultivation business in this quarter.

The gross profit margin of our processed food products segment was approximately 29.5% in 3Q2017 , compared to 35.1% in 3Q2016. The variance was primarily due to changes in product mix sold to the Japanese market and promotion price charged on our new dietary fibre food products which was in line with our sales and marketing plan during the period.

Selling and distribution expenses

Selling and distribution expenses increased by RMB16.8 million to approximately RMB18.5 million in 3Q2017, from RMB1.7 million in 3Q2016. The increase was mainly due to advertising to publicise our new dietary fibre food products, commission paid to distributors of processed food products, logistic expenses incurred for delivery of goods sold, and appointing marketing experts to assist in planning and implementing sales and marketing strategy for our processed food products.

Future Outlook

In the face of challenging operating environment in China, we will cautiously implement our business development and transitions.

Production costs of our shiitake mushroom cultivation segment has been on the rise for several years, particularly labour cost of producing mushroom synthetic logs. In recent years, there were also significant changes in weather conditions in the locations of our mushroom farmland. This is unfavorable to the cultivation and harvesting of our shiitake mushroom. These issues have led to declining profit margin in this business segment. In view of this, we have further scaled back our mushroom cultivation farmland. We terminated the lease for 665 mu of mushroom cultivation farmland on 11 May 2017.

Following the termination, the mushroom cultivation farmland is expected to be reduced from 1,184 mu to 519 mu and approximately RMB2.3 million balance of the security deposit previously paid to the respective Villagers' Committees will be refunded to us. We will continue to assess the performance of our shiitake mushroom cultivation segment and execute an appropriate strategy in the future.

On the other hand, we endeavor to develop our dietary fibre food products with greater potential based on the market trend. The growing urbanisation in the PRC and consumers' greater awareness of health products has led to a rising market demand for health and convenience food products. Therefore, we believe we are heading in a positive direction to capitalize on the business growth opportunity by investing in marketing of our own branded products and expanding the sales and distribution network in this segment, in particular for our new dietary fibre food products. Additionally, we will also continue our effort to explore business transformation opportunity.

In the midst of uncertain economic condition in China and across the world, 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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