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MEDIA RELEASE

YAMADA POSTED FY2016 EARNINGS OF RMB37 MILLION FROM REVENUE OF RMB328.7 MILLION

- **Revenue decreased by 34.8% to RMB328.7 million from RMB503.9 million in FY2015.**
- **Net earnings reduced from RMB86.2 million in FY2015 to RMB37 million**

Financial Highlights (RMB Million)	4Q2016	4Q2015	Change (%)	FY2016	FY2015	Change (%)
Revenue	**52.4**	73.2	(28.5)	**328.7**	503.9	(34.8)
Gross Profit	**19.0**	17.4	9.3	**63.2**	122.4	(48.4)
Gross Profit Margin (%)	**36.2**	23.7%	12.5 *ppt*	**19.2**	24.3%	(5.1 *ppt*)
Profit after Tax	**19.3**	24.7	(21.9)	**37.0**	86.2	(57.0)

Singapore, 28 August 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 fourth quarter and full year ended 30 June 2016 ("4Q2016" and "FY2016").

FY2016 Results Highlights

Revenue

Our revenue decreased by approximately RMB175.2 million or 34.8%, to approximately RMB328.7 million in FY2016 from RMB503.9 million during July 2014 to June 2015 ("FY2015").

Sales of our self-cultivated shiitake mushrooms was approximately RMB78.1 million in FY2016, which decreased by approximately RMB162.8 million or 67.6% from approximately RMB240.9 million in FY2015. There was approximately 12,970 tons of fresh shiitake mushrooms harvested and sold in FY2016 compared to approximately 34,120 tons in FY2015. It was largely due to scaling back of our shiitake mushroom cultivation farmland from 3,342 mu in FY2015 to 1,184 mu in FY2016. The average

selling price of our fresh shiitake mushroom in FY2016 was also lower than last year primarily on account of the slowdown in the economy in China and also the oversupply of shiitake mushroom in local markets in the second and third quarter of FY2016.

The loss of the revenue in our shiitake mushroom business was partially mitigated by increased sales in our bamboo business subsequent to the expansion of our moso bamboo plantations. In FY2016, we operated 115,992 mu of bamboo plantations compared to 100,845 mu in FY2015. Revenue from our bamboo business increased by RMB33.8 million or 45.4% to approximately RMB108.2 million in FY2016, from approximately RMB74.4 million in FY2015. We commenced harvesting bamboo trees from 67,000 mu of bamboo plantations in this financial year. There was approximately 99,720 tons of bamboo trees harvested and sold in FY2016 compared to 34,230 tons in FY2015. Furthermore, we harvested and sold 26,630 tons of bamboo shoots in FY2016 in contrast to 23,750 tons of bamboo shoots harvested during FY2015.

Sales from the processed food products business segment decreased by approximately RMB46.2 million or 24.5%, to approximately RMB142.4 million in FY2016 from approximately RMB188.6 million in FY2015. This was mainly due to a decline in domestic sales of processed mushrooms. We reduced the production quantity of our processed mushrooms because of increases in cost of raw material and labour of processed mushrooms without corresponding increases in the average selling price of the processed mushrooms. Furthermore, production volume of the konjac-based dietary fibre food products also decreased in accordance with our revised production and sales strategy. We have reallocated part of the production capacity to our new range of konjac desserts which was launched in the first half of 2016.

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB59.2 million or 48.4%, to approximately to RMB63.2 million in FY2016 from RMB122.4 million in FY2015. The overall gross profit margin decreased from 24.3% in FY2015 to 19.2% in FY2016.

The gross profit margin of our cultivation business segment decreased to 8.7% in FY2016 from 20.8% in FY2015. It was mainly attributable to increased costs of cultivation, including labour costs of producing mushroom synthetic logs and harvesting shiitake mushrooms, and maintenance costs for bamboo plantations. However, there was no corresponding increases in the average selling price of the shiitake mushrooms and bamboo products in FY2016. In addition, there was also additional amortisation of the prepaid lease and maintenance costs incurred in FY2016 for the expanded bamboo plantations which we will only commence harvesting moso bamboo trees from these plantations in the next financial year.

The gross profit margin of our processed food product business segment increased to 33.0% in FY2016 from 30.1% in FY2015. It was mainly attributable to our revised sales and production strategy. We cut down on the production volume of processed food products with low profit margins and reallocated our production capacity to produce our new konjac desserts which generated higher profit margin.

Gain from changes in fair value of biological assets

An independent valuation expert was appointed to assess the fair value of our eucalyptus trees and bamboo plantations at the end of the financial year. A net gain from changes in

fair value of biological assets of approximately RMB18.4 million was recognised in FY2016 (FY2015: approximately RMB18.2 million). As at 30 June 2016, there were 31,782 mu (FY2015:38,334 mu) of eucalyptus tree plantations and 129,696 mu (FY2015: 100,845 mu) of bamboo plantations under valuation. During the financial year, we harvested eucalyptus trees from 1,589 mu of eucalyptus plantations. Also, there were eucalyptus trees from 4,963 mu of plantations disposed in FY2016. The loss from changes in fair value of eucalyptus trees was approximately RMB1.9 million. It was mainly attributable to the fact that unfavourable weather conditions during winter affected the timber reserve of the trees. On the other hand, there was a gain of approximately RMB20.3 million from changes in fair value of moso bamboo trees and bamboo shoots mainly as a result of expansion of our moso bamboo plantations. The net present value generated from the valuation was based on the best estimates by the valuer in view of the conditions of our bamboo plantations and the market value of the moso bamboo trees and bamboo shoots.

A copy of the valuation report is available for inspection at our registered office during normal business hours for three months from the date of the announcement.

Other income

Other income was approximately RMB9.3 million in FY2016, mainly consisted of interest income, government subsidies, rental income and other miscellaneous income. The government grants obtained in FY2016 were mainly due to subsidising the construction and improvement of the infrastructure in our subsidiary, and also new product innovation. We also received rental income from leasing spare space of office and plant in our subsidiary to outsiders. In addition, we benefited from appreciation of the US Dollar against the Renminbi in FY2016, there was a net currency exchange gain from the US Dollar denominated sales.

Operating expenses

Selling and distribution expenses increased to approximately RMB8.4 million in FY2016 from RMB6.1 million in FY2015. The increase was mainly due to progressive payments made for producing and hosting of our e-commerce platform, and to marketing experts appointed to promote sales of our new konjac desserts.

Administrative expenses decreased by approximately RMB2.5 million or 6.7% to approximately RMB35.8 million in FY2016, from approximately RMB38.3 million in FY2015. It was mainly due to a loss on disposal of land use rights of eucalyptus plantations incurred in FY2015 which was an one-off expenses during that period. There were also lower amortisations of land use rights during the period as a result of disposal of land use rights of the eucalyptus plantations in the last financial year. The decrease was partly offset by increases in amortisations of prepaid lease for the eucalyptus plantations. In addition, there were higher operating expenses incurred in our subsidiary for commencing the online sales operation of our processed food products in FY2016.

Other operating expenses decreased by approximately RMB1.2 million or 19.7%, to approximately RMB4.6 million in FY2016 from approximately RMB5.8 million in FY2015. It primarily arose from a decline in maintenance costs of eucalyptus plantations as less maintenance work was required on more mature plantations.

Finance cost

Finance cost decreased to approximately RMB1.4 million in FY2016 from approximately RMB2.0 million in FY2015 on account of a lower bank borrowing.

Share of results of the associate

The Group's share of results of associate for FY2016 of approximately RMB5.0 million relates to Fujian Tianwang Foods Co., Limited ("Tianwang"), which we owned 45% of its shareholding. Tianwang's source of revenue was derived mainly from production and supply of processed vegetables, including processed bamboo shoots.

Income tax expenses

Income tax expense decreased to approximately RMB8.7 million compared to RMB9.7 million in FY2015. Our cultivation business segment is exempt from the Enterprise Income Tax and the value-added tax. Our subsidiaries, Wangcheng,Yuanwang and Kangzhimei, are subject to Enterprise Income Tax at the rate of 25%. Our effective tax rate is 19.0% in FY2016.

Total comprehensive income for the period

The comprehensive income for FY2016 under review decreased by approximately RMB49.2 million or 57.0%, to approximately RMB37.0 million in FY2016 from approximately RMB86.2 million in FY2015.

Future Outlook & Growth Strategies

In tandem with our comprehensive business growth strategy, we will continue to focus on both our cultivation and processed food businesses in the future and cautiously proceed with our business development.

We have increased our bamboo plantations to 129,696 mu after leasing another 13,704 mu of plantations in January 2016. We plan to start harvesting bamboo trees and bamboo shoots from our newly acquired plantations in the next financial year and expect the bamboo business to continue to contribute positively to the Group's earnings.

In addition, we have expanded our sales and distribution channel by launching an E-commerce platform in the third quarter of FY2016. This is to promote sales of our processed food products, particularly our new range of konjac desserts. By setting up the E-commerce platform, we also aim to strengthen our sales and distribution system by accelerating and streamlining our selling processes from placing orders to delivery of goods.

The Management will continue to closely monitor the Group's operations amid the challenging operating environment.

*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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