



**YAMADA GREEN RESOURCES LIMITED**  
(Company Registration No. 201002962E)  
(Incorporated in the Republic of Singapore)

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2020  
RESPONSE TO SGX QUERIES**

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*Unless otherwise specified, all capitalised terms used herein shall have the meanings ascribed to them in the third quarter financial results announcement dated 14 May 2020 (the “Results Announcement”).*

**Response to SGX Queries**

The Board of Directors (the “**Board**”) of Yamada Green Resources Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that it has received queries from SGX in relation to the Results Announcement. The queries and the Company’s responses are as follows:

**SGX Query:**

The Company has disclosed that “As at 31 March 2020, the Group’s outstanding loan amount was approximately RMB 9.1 million, of which approximately RMB 4.4 million is repayable within 1 year and the rest of the loan amount is repayable after 1 year.”

- (a) How does the Group intend to repay the outstanding loan amount of approximately RMB 4.4 million?
- (b) Please provide further information on whether the Company expects cash flow or liquidity issues with regard to the repayment of the aggregate sum of RMB 4.4 million, in light of the COVID-19 situation and its impact on the Company’s business operations (if any). Please substantiate the Company’s stand with specific details.

Where applicable, please elaborate on the matters set out in our Regulator’s Column “What SGX expects of issuer’s disclosures during COVID-19” dated 22 April 2020.

**Company’s Response:**

- (a) The loans due within a year amounting to approximately RMB 4.4 million includes:
  - i. Working Capital loan of RMB 4 million from Postal Savings Bank of China (“**PSBC**”); and
  - ii. The current portion of mortgage loan amounting to RMB 400,000 (or approximately S\$77,000) from Hong Leong Finance (“**HLF**”)

As of 31<sup>st</sup> of May 2020, the Group has repaid RMB 2 million to PSBC and the Group plans to repay the remaining RMB 2 million to PSBC by November 2020 in accordance with the loan agreement. Separately, the RMB 400,000 mortgage loan from HLF is being serviced by the Group on a monthly basis.

- (b) Given that the Group maintained a healthy cash position with approximately RMB 21.7 million of cash and bank balances as at 31 March 2020, coupled with the forecast of positive net cash flow in the next 9 months, there is no risk that the outstanding bank loans of RMB 4.4 million cannot be repaid.

At present, the COVID-19 outbreak appears to be under control in China. The impact of the virus on the Group's business is not significant, barring the outbreak of a second round of infections in China and Japan, which is our main overseas market. The Group is of the view that based on the current situation, it is well prepared should the situation worsen in the future.

**SGX Query:**

The Company has explained that "Administrative expenses increased by RMB 2.0 million or 61.1% from RMB 3.3 million in Q3FY2019 to RMB 5.3 million in Q3FY2020 due mainly to higher repair and maintenance costs for factory buildings."

Please (a) provide the specific amount paid for repair and maintenance costs for factory buildings in Q3FY2020, and its corresponding figure in Q3FY2019; and (b) the reason(s) for the increase in these costs at this juncture.

**Company's Response:**

- (a) The amount paid for repair and maintenance costs for factory buildings in Q3FY2020 is RMB 1.653 million and the corresponding figure for Q3FY2019 was RMB 52,000.
- (b) The increase in maintenance expenses is mainly due to the Group's 2020 annual operation plan to renovate the layout of the existing factory area of Wangsheng, Fengwang and Yuanwang and to cover an open space with removable steel structure sheds in order to store seasonally purchased goods so as to free up warehouse space that can be rented out to increase rental income.

**SGX Query:**

Please (i) provide a breakdown of the "Trade and other receivables" financial statement line item; (ii) for items recorded under other receivables, please clarify the nature of the underlying transactions; and (iii) provide (a) an aging analysis of the trade receivables; and (b) the Board of Director's assessment of the recoverability of the trade receivables.

(iv) It is also stated on page 12 of the Results Announcement: - "...the decrease in trade and other receivables was due mainly to lower advances to suppliers." Please clarify what is the rationale and nature of the advances to suppliers and provide an aging analysis of the advances to suppliers.

**Company's Response:**

- (i) Breakdown of the "Trade and other receivables" financial statement line item:  
(ii)

Item Details	Balance (RMB)	Description
Trade Receivable	7,926,000	Trade receivables from customers
Advances to suppliers	4,737,000	Purchase vendor prepayment
Other Receivables	1,346,000	Tax refund and purchase loans
Total	14,009,000	

- (iii)  
(a) An aging analysis of the trade receivables; and

Period	Within accounting period	Overdue by 30 days	Overdue by 60 - 90 days	Overdue by more than 90 days	Total
Trade receivables	7,926,000	0	0	0	7,926,000

- (b) the Board of Director's assessment of the recoverability of the trade receivables

None of the above account receivables are overdue and the Board of Directors expect that the above account receivables can be recovered.

- (iv) The decrease in advances to suppliers were due to lower purchases in the Third Quarter (January to March 2020). The Group has stockpiled certain raw materials such as bamboo shoots that are required for production during the Second Quarter (October to December 2019) when it anticipated a drought to happen in the Second Quarter which would result in the rise of raw material prices in the future.

Aging analysis of advances to suppliers:

Period	Within credit term	Overdue by 30 days	Overdue by 60-90 days	Overdue by more than 90 days	Total
Advances to suppliers	4,736,000	0	0	0	4,736,000

**SGX Query:**

Please explain the nature and breakdown of the "Prepayments" financial statement line item; and the reason(s) for its increase from RMB 86,000 as at 30 June 2019 to RMB 310,000 as at 31 March 2020.

**Company's Response:**

The increase in Prepayments from RMB 86,000 as at 30 June 2019 to RMB 310,000 as at 31 March 2020 was due mainly to a one-off prepaid Additional Listing Application ("ALA") fees paid to SGX.

The breakdown of prepayments are as follows:

Prepaid ALA fees: RMB 166,000 (approximately S\$32,500)

(\* As the proposed new share issue to the Japanese investor has been cancelled, the Group is in the process of applying for a refund of the fees)

Prepaid statutory expenses: RMB 143,000 (approximately S\$28,000)

(\* Primarily fees for service provided by various institutions in Singapore)

Others: RMB 1,000

**SGX Query:**

Please provide a (i) breakdown of the “Trade and other payables” financial statement line item; (ii) elaborate on the reason(s) for the material items; and (iii) reason(s) for the decrease from RMB 34,835,000 as at 30 June 2019 to RMB 23,543,000 as at 31 March 2020.

**Company’s Response:**

Breakdown of the “Trade and other payables” financial statement line item and description of the material items:

Account details	Balance (RMB)	Description
Trade payable	8,540,000	Trade payments due to suppliers
Accruals	1,862,000	Accrued Salary
VAT and government taxes payable	3,691,000	Value added tax government taxes payable
Other payables – Golden Sea	7,957,000	Advance receipt of equity repurchase
Other Payables	1,493,000	Tenants’ security deposits and rental received in advance
Total	23,543,000	

Reason(s) for the decrease from RMB 34,835,000 as at 30 June 2019 to RMB 23,543,000 as at 31 March 2020:

The decrease in trade and other payables was mainly due to the settlement of overdue suppliers’ accounts during the financial period.

Due to the COVID-19 outbreak, suppliers are increasingly facing financial pressure. In order to ensure timely delivery to customers, the stability of the supply chain and raw material prices, the Group readjusted part of the payment period after negotiating with the suppliers on a case-by-case basis.

**SGX Query:**

It is stated on page 4 of the Results Announcement: - *“The Company refers to its announcements made on 23 and 29 April 2019, 21 June 2019, 4 September 2019 and 30 October 2019 in relation to the disposal by its wholly-owned subsidiary, Fujian Wangsheng (“Wangsheng”) of its 45% equity interest in the registered capital of its associate, Fujian Tianwang Foods Co., Ltd.. Pursuant to the Revised Agreement, the Purchaser shall pay Wangsheng the consideration of RMB 39,933,000 in accordance with the terms and conditions of the Revised Agreement. As 31 March 2020, the Purchaser has paid an aggregate amount of RMB 7.95 million to Wangsheng”.*

Given that the Purchaser has only paid RMB 7.95 million out of the consideration of RMB 39,933,000, please clarify (a) when the remaining amount of the consideration is expected to be received; and (b) the reasons why it is still outstanding to date.

**Company's Response:**

Under the Tiangwang equity transfer agreement entered into between the Group and the Purchaser on 4 September 2019, payment by the Purchaser to the Group shall take place over a period of three to four years. The first tranche of equity payment of RMB 13.31 million shall be paid before 30 October 2020. As of 31 March 2020, the Group has received RMB 7.95 million, with the balance RMB 5.36 million of the first tranche to be received by 30 October 2020. The remaining amounts will be paid in tranches in accordance to the agreement within the next three to four years. Additionally, under the agreement, the Group shall only transfer the equivalent amount of equity stake in Tianwang after receiving cash payments from the Purchaser. The Group will continue to monitor and follow up on the payment progress and make the necessary announcements as and when required.

**SGX Query:**

It is stated on page 12 of the Results Announcement: - "*The acquisition of property, plant and equipment was mainly incurred for the reconstruction of factory building and warehouse buildings.*" Please clarify the reason(s) for the reconstruction of the factory building and warehouse buildings?

**Company's Response:**

The main reason for the alteration of the factory building and warehouse buildings is that the ground, wall, roof and related hydropower facilities of the old factory building and warehouse are aged and damaged and are due to be repaired. Therefore, the group needs to carry out corresponding alterations and maintenance to meet the needs of tenants and their own production.

**SGX Query:**

It is stated on page 12 of the Results Announcement: - "...the increase in short-term bank borrowings was due to a drawdown of bank borrowings during the financial period." Please clarify the reason(s) for the increase in short-term bank borrowings?

**Company's Response:**

In the First Quarter of FY2020, the Group repaid a short-term loan of RMB 3 million to the bank in accordance with the loan agreement. In the Second Quarter of FY2020, the Group drew down an aggregate amount of RMB 4 million from the credit facility granted by the bank for working capital and daily material purchases. Thus, there was an increase of RMB 1 million in short-term bank borrowings.

**SGX Query:**

It is noted on page 1 of the Results Announcement: -

	Group					
	3-months period ended 31 Mar			9-months year ended 31 Mar		
	FY2020 (Unaudited) RMB'000	FY2019 (Unaudited) RMB'000	Increase/( Decrease) %	FY2020 (Unaudited) RMB'000	FY2019 (Unaudited) RMB'000	Increase/( Decrease) %
Other operating expenses	-	(2,851)	n.m.	(535)	(2,897)	(81.5)

It is stated that page 12 of the Results Announcement: - *“Other operating expenses recorded in 9MFY2020 mainly comprised of cost of raw materials and other miscellaneous expenses.”*

Please clarify why cost of raw materials is classified under Other operating expenses, noting that there is a cost of sales financial statement line item?

**Company’s Response:**

Raw materials which do not meet our stringent quality requirements will not be used and will be sold off immediately where possible. As the principal activity of the Company is not buying and selling of raw materials, and as it was an one-off transaction, the Company recognised the sale of the poor quality raw materials as “other income” and the cost of sales of such raw materials as “other operating expenses”.

**By Order of the Board**

Chen Qiu hai  
Executive Director and Chief Executive Officer  
3 June 2020