YAMADA GREEN RESOURCES LIMITED AND SUBSIDIARIES

(Company Registration Number 201002962E)
(Incorporated in the Republic of Singapore)

Yamada Green Resource Limited (the "Company", and together with its subsidiaries, the "Group") refers to the financial statements of the Group for the year ended 30 June 2023 released on SGXNet on 25 August 2023. The Company would like to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited on 15 September 2023.

Query 1

Please explain why interest income amounted to only RMB131,000 during the financial year ended 30 June 2023 when the Company has significant cash and bank balance amounting to RMB27,984,000.

Response to Query 1

The increase in cash and bank balance is mainly due to the consideration received from Compulsory Acquisition of RMB8,000,000 in fourth quarter of FY2023. Moreover, there is also lower interest rate in FY2023 as compared to FY2022.

Query 2

Please disclose a breakdown of trade and other payables amounting to RMB17,714,000 as at 30 June 2022 and RMB8,553,000 as at 30 June 2023. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Response to Query 2

(i) Breakdown of the Group's trade and other payables are as follows:

	FY2023 (RMB'000)	FY2022 (RMB'000)
Trade payables	1,456	8,240
Other payables	-	3,584
Accruals	3,554	4,709
Government tax payables	538	429
Rental deposits	2,531	752
Advances from customers	474	-
Total trade and other payables	8,553	17,714

There are no related parties involved under other payables.

The nature of these other payables are as follows:

(a). Accruals relate to liabilities for employee benefit costs, professional fees and utilities charges.

(b). Government tax payables relate to provision of tax liabilities.

(c). Advances from customers relate to advance rental from tenants.

(ii) Aging of the Group's trade payables for FY2023 are as follows:

As at 30 June 2023	Current	Past Due				Total
		Within 30 days	31 – 60 days	61 – 90 days	More than 90 days	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Trade payables	1,456	-	-	-	-	1,456
	1,456	-	-	-	-	1,456

Query 3

Please explain the significant decrease in inventories from RMB15,712,000 as at 30 June 2022 to RMB4,596,000 as at 30 June 2023.

Response to Query 3

The decrease in inventories of RMB11,116,000 are mainly due to decrease in raw materials and finished goods of RMB6,292,000 and RMB3,113,000 respectively. The decrease in raw materials is due mainly to lower purchases during the financial year as a result of decrease in customers' orders. Meanwhile, the decrease in finished goods is due mainly to lower production volume during the financial year.

Query 4

It is stated on page 6 of the unaudited financial statement that there was a reversal of over-accrual of social insurance amounting to RMB 3,592,000 in FY2023.

Please disclose:

(i) how the reversal of over-accrual amount of RMB 3,592,000 is being determined;

(ii) the reasons for the significant decrease in the accrual amount for social insurance; and

(iii) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies and assumptions used to determine the amount of social insurance to be accrued.

Response to Query 4

(i) The reversal of over-accrual of social insurance related to the accrual of the social insurance of a PRC's subsidiary prior to FY2016. The accrual of the social insurance has been carried forward for 7 years and there is no claims against the PRC's subsidiary to date. On this basis, the Group has accounted for and reversed the accrual of social insurance.

(ii) Kindly refer to the response in (i).

(iii) The Board confirmed that it is satisfied with the reasonableness of the methodologies and assumptions used to determine the reversal of over-accrual of social insurance.

Query 5

It is stated on page 6 of the unaudited financial statement that the Company has recognised a gain on Compulsory Acquisition of RMB 3,759,000 in FY2023. Please disclose how the gain on Compulsory Acquisition of RMB 3,759,000 is being determined, given that the Acquisition Consideration was RMB 8,000,000 and the carrying amount of Fengwang's leasehold buildings and land use rights subject to the Compulsory Acquisition totaled RMB 3,307,000.

Response to Query 5

The Compulsory Acquisition consists of the leasehold buildings, land use rights and investment properties. The carrying amount of the leasehold buildings and land use rights amounting to RMB3,307,000 and the carrying amount of the investment properties amounting to RMB484,000. The gain on Compulsory Acquisition is derived from Acquisition Consideration (RMB8,000,000) after deducting the carrying amount of the leasehold buildings and land use rights (RMB3,307,000), investment properties (RMB484,000) and compensation paid to tenants arising from Compulsory Acquisition (RMB450,000).

Query 6

It is disclosed on page 16 of the unaudited financial statement that, Management has engaged the external independent valuer, who performed the annual valuation of these properties belonging to Fengwang for the financial year ended 30 June 2022, to conduct an updated valuation for internal reference purposes based on the valuation conducted for the financial year ended 30 June 2022, on the basis that there have been no material changes to internal conditions of these properties between the inspection date of previous valuation report and the date of valuation as of 7 March 2023.

Please disclose:

(i) the inspection date of previous valuation report;
(ii) the updated valuation of the properties belonging to Fengwang;
(iii) whether any work has been performed to ascertain whether there are any changes to the internal conditions of the properties. If not, please explain why; and
(iv) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies and assumptions used to determine the valuation amount.

Response to Query 6

(i) The previous valuation report refers to the annual valuation carried out by the Group for the financial year ended 30 June 2022. Site inspections were undertaken by the external independent valuer in July 2022.

(ii) According to the valuation as of 7 March 2023, the valuation of the properties belonging to Fengwang, which consists of leasehold buildings, land use rights and investment properties amounted to RMB3,810,000.

(iii) As per Note 10 of the unaudited condensed consolidated interim financial statements for the nine months ended 31 March 2023 announced on 12 May 2023,

"Arising from Compulsory Acquisition, management has carried out a review of the key parameters for the valuation of the Group's rights-of-use assets which are stated at valuation as at 31 March 2023. The management has generally adopted the same valuation approach and methodologies, key parameters and assumptions by reference to the valuation performed by independent professional valuers conducted for the financial year ended 30 June 2022.

The recoverable amount is based on their fair value as determined using income approach, which is a fair value hierarchy Level 3 measurement."

(iv) The Board confirmed that it is satisfied with the reasonableness of the methodologies and assumptions used to determine the valuation amount.

BY ORDER OF THE BOARD

CHEN QIUHAI
Executive Director and Chief Executive Officer
19 September 2023