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

CESSATION OF PROCESSED FOOD PRODUCTS SEGMENT

The board of directors of Yamada Green Resources Limited (the "**Company**"), together with its subsidiaries, the "**Group**") wishes to announce that the Group intends to wind down and eventually cease its Processed Food Products Segment (hereafter "**Segment**"). The production of processed food products is expected to be ceased by end of June 2024.

Financial Performance of the Processed Food Products Segment

The financial performance of the Segment for the past 3 financial completed years and 6 months ended 31 December 2023 ("1HFY2024") are as follows:

	FY2021 RMB'000	FY2022 RMB'000	FY2023 RMB'000	1HFY2024 RMB'000
Revenue	61,170	56,470	35,869	6,862
Cost of Sale	(53,083)	(50,634)	(33,649)	(6,781)
Segment Operating Loss	(1,825)	(1,504)	(2,662)	(2,236)
As percentage of Group's Revenue	88.5%	86.1%	76.5%	45.8%
As percentage of Group's Operating Loss	(109.5%)	(256.2%)	(228.1%)	(169.4%)

Revenue derived from the Segment decreased from RMB61.2 million in FY2021 to RMB56.5 million in FY2022, representing a decrease of RMB4.7 million or 7.7%. In FY2023, revenue derived from the Segment further decreased to RMB35.9 million, representing a decrease of RMB20.6 million or 36.5% as compared to FY2022. For 1HFY2024, the Segment recorded revenue of RMB6.9 million.

In addition to the declining in revenue, the Segment also recorded losses since FY2021. The Segment recorded segment losses of RMB1.8 million, RMB1.5 million, RMB2.7 million and RMB2.2 million in FY2021, FY2022, FY2023 and 1HFY2024 respectively.

Rationale for the Cessation of Processed Food Products Segment ("**Cessation**")

The revenue for the Segment has been continuously declining for the past few years as a result of the decline in sales in both the domestic and overseas market. Other than the repercussion from the COVID 19 pandemic in FY2021 and FY2022, the decrease in domestic sales was mainly due to challenging economic climate in China where there are intense price competition and longer repayment period from customers. Meanwhile, the decrease in sales to overseas markets was mainly due to decline in demand because of the significant weakening and devaluation of the Japanese Yen, the global slowdown in economic activity and high inflation. In addition, the Group has also discontinued certain loss-making products which contributed to the decrease in revenue.

The Segment has been recording increasing operating losses in the past 3 and half financial years for FY2021, FY2022, FY2023 and HY2024.The gross profit for the Segment has also been continuously declining for the past few years and started recording gross loss since Q2FY2024. This was mainly due to losses incurred from the sales of raw materials of discontinued products, higher cost of raw materials, rising labour costs, rising production and energy costs coupled with the inability to increase its selling price. This is despite the Group's mitigating strategy in reducing its products mix by ceasing its loss-making products.

In view of the above, the Board is of the view that the Cessation is in the best interest of the Group. The Group will direct it resources to focus on its Investment Properties Segment which has enjoyed healthy growth in the past few financial years. The rental income from investment properties increased from RMB7.9 million in FY2021 to RMB9.1 million in FY2022, representing an increase of RMB1.2 million or 15.2%. In FY2023, the rental income from investment properties further increased to RMB11.0 million, representing an increase of RMB1.9 million or 20.9% as compared to FY2022. As at 1HFY2024, the Investment Properties Segment recorded rental income of RMB8.1 million. Furthermore, the Investment Properties segment recorded profit before tax of RMB5.7 million, RMB8.1 million and RMB5.8 million in FY2022, FY2023 and 1HFY2024 respectively.

However, the Group is not ruling out the food business permanently. The Group continues to explore other business opportunities and segments including the food segment.

Financial Effect of the Cessation

The financial effects of the Cessation on the Group set out below have been prepared based on the latest unaudited consolidated financial statements of the Group for the 1HFY2024 on the following bases and assumptions:

(a) the financial effect on the consolidated earnings per share ("EPS") is computed based on the assumption that the Cessation was completed on 1 July 2023.

(b) the financial effect on the consolidated net tangible assets ("NTA") per share is computed based on the assumption that the Cessation was completed on 31 December 2023.

It should be noted that the financial effects set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the completion of the Cessation.

NTA per share

As at 31 December 2023	Before the Cessation	After the Cessation
NTA (RMB'000)	291,720	289,586
Number of shares ('000)	176,798	176,798
NTA per Share (RMB cents)	165.0	163.8

EPS per share

1HFY2024	Before the Cessation	After the Cessation
Net profit from continuing operation (RMB'000)	1,367	3,166
Weighted average number of shares ('000)	176,798	176,798
EPS per Share from continuing operation (RMB cents)	0.8	1.8

Gearing

	Before the Cessation	After the Cessation
Total debt (RMB'000)	7,697	5,913
Total equity (RMB'000)	291,720	289,586
Gearing	0.03	0.02

By order of the Board

Chen Qiuhai
Executive Director and Chief Executive Officer

24 May 2024