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

**PROPOSED DISPOSAL OF 45% OF THE REGISTERED CAPITAL OF FUJIAN TIANWANG FOODS CO., LTD ("DISPOSAL")**
**RESPONSE TO SGX QUERIES**

*Unless otherwise specified, all capitalised terms used herein shall have the meanings ascribed to them in the announcement dated 23 April 2019 (the "Disposal 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 a query from SGX in relation to the Disposal Announcement. The query and the Company's response are as follows:

**SGX Query:**

*"We note that upon payment of 50% of RMB26,622,000, Wangsheng shall transfer 30% of the registered capital of Tianwang to the Purchaser. Subsequent to the payment of RMB 26,622,000, upon payment of 50% of RMB13,311,000, Wangsheng shall transfer 15% of the registered capital of Tianwang to the Purchaser. How is the Company safeguarding the potential non-receipt of the difference i.e. approximately RMB 13.6 and 6.8 million, equivalent of the respective consideration to be paid in proportion to the amount of shares transferred?"*

**Company's Response:**

The Board of Directors of the Company is cognisant that there is a risk that the first tranche of 30% and second tranche of 15% of registered capital of Tianwang would be transferred to the Purchaser upon payment of 50% of the sum of RMB26,622,000 and RMB13,311,000 respectively. The 15% would only be transferred upon the full payment of RMB26,622,000 in additional to 50% of RMB13,311,000.

The Board has taken into account that the negotiations on the Agreement were made on arms-length basis. The final terms were made after much negotiations and it was the best terms which the Company could secure from the Purchaser. The Board also factored in the following:

(a) The disposal is of a minority stake in a private company where the Purchaser is managing the business and is also the major shareholder. As such it would not be easy for Wangsheng to find a purchaser for its 45% stake;

(b) Tianwang has been making losses for the past few years and the losses would continue to weigh on the Group's financials;

(c) The initial rationale for acquiring its interest in Tianwang in December 2015 was because of the complementary nature of Tianwang's business. However the Group has since August 2017 ceased its business in the bamboo trees and bamboo shoots industry and as such does not enjoy any synergy in holding onto its stake in Tianwang;

(d) In consideration of the current depressed economic climate in PRC, the Board feels that it would be beneficial and in the shareholder's interest to be able to recover the sum of RMB39,933,000 from the Consideration and as such, recoup the amount in full, that it paid for the 45% stake in December 2015;

(e) The Group can better utilized the RMB39,933,000 for subsequent projects to improve the financials of the Group; and

(f) The Company has been advised by its PRC legal counsel that should the Purchaser default on either the 50% of RMB26,622,000 or the 50% of RMB13,311,000 (which would be only after the full RMB26,622,000 has been paid), it would be a clear breach of the terms and conditions of the Agreement and the Wangsheng's claim against the Purchaser in the PRC courts would be straight forward and successful.

In view of the above, on a cost benefit analysis, the Board is of the view that the Disposal is in the best commercial interest of the Company and Group notwithstanding some inherent risk of non-payment.

By order of the Board

**Chen Qiuhai**
Executive Director and Chief Executive Officer
29 April 2019