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

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 Company's Annual Report for the financial year ended 30 June 2020. The queries and the Company's responses are as follows:

SGX Query 1:

We refer to page 34 of the Annual Report.

It is stated that:-

"The Board has received assurance from the [CEO and the Executive Director] respectively that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances; and the Group's internal control system and risk management system is in place and effective in addressing the material risks identified by the Group in its current business environment including material financial, operational, compliance and information technology risks.

In addition, the AC and the Board had reviewed the adequacy and the effectiveness of the Group's system of internal controls and risk management system in light of key business and financial risks affecting the operations.

In compliance with Rule 1207(10) of the Listing Manual of the SGX-ST, the Board with the concurrence of the AC, is of the opinion that the internal controls and risk management systems of the Group are adequate and effective in addressing financial, operational, compliance and information technology risks and ensuring assets of the Group are safeguarded as at 30 June 2020, based on the various management controls in place, the reports from the external auditors, reviews conducted by the Management, and the assurance from the CEO and the Executive Director." (emphasis in "[ ]" added)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 9.2(a) of the Code with regards to obtaining assurance from the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances.

Please clarify.

Company's Response:

The Company wishes to clarify that besides the assurance from the CEO and the Executive Director, the Board has also has received assurance from its Chief Financial Officer ("CFO") that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances; and the Group's internal control system and risk management system is in place and effective in addressing the material risks identified by the Group in its current business environment including material financial, operational, compliance and information technology risks.

The inclusion of "CFO" was inadvertently left out at page 34 of the Annual Report and the paragraph should read as:

"The Board has received assurance from the **CEO, the Executive Director and the Chief Financial Officer** respectively that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances; and the Group's internal control system and risk management system is in place and effective in addressing the material risks identified by the Group in its current business environment including material financial, operational, compliance and information technology risks."

SGX Query 2:

We refer to page 32 of the Annual Report.

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 8.1(a) of the Code with regards to the disclosure of remuneration of each individual director, and there were no explanations were provided for in your FY2020 Annual Report on how the Company has been consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response:

As disclosed in page 32 of the Annual Report 2020, the Company has given substantial disclosures on remuneration. This includes disclosure of names and remuneration in bands of S$250,000, with breakdowns in percentages to Salary, Bonus, Director fee and Allowances & other benefits, of all Executive Directors, Non-Executive Director, Independent Directors and key management personnel. The aggregate directors' fees for the Independent Directors were also disclosed at pages 123 and 152 of the Annual Report.

As disclosed at page 32 of the Annual Report:

"*The Board believes that the full disclosure on the remuneration of Directors and key management personnel is not in the best interests of the Group in light of the remuneration confidentiality and the avoidance of poaching of Directors and key management personnel of the Group.*

The RC has reviewed and approved the remuneration packages of the Directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Directors and key management personnel are adequately but not excessively remunerated."

As disclosed under Principle 6 at pages 29 and 30 of the Annual Report, the key roles of the RC include the review and recommendation to the Board on the remuneration packages and terms of employment of the Executive Directors and key management personnel and ensure that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share options, share-based incentives and awards, and benefit-in-kind are covered.

It was further disclosed that as part of its review, the RC shall take into consideration:

(i) the remuneration packages should be comparable within the industry practices and norms and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual performance;

(ii) the remuneration packages of employee related to Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scope and levels of responsibility; and

(iii) Principle 7 of the Code.

As disclosed under Principle 7 at page 31 of the Annual Report:

"*The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the Company successfully but the company should avoid paying more for this purpose. In setting remuneration packages, the RC takes into consideration prevailing economic situation, pay and employment conditions within the similar industry and in comparable corporations.*"

"*As part of its review, the RC ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of Executive Directors and is designed to align the Directors' interests with those of shareholders and link rewards to corporate and individual performance. The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprises primarily a basic salary component and a variable component which is inclusive of bonuses and other employee benefits.*"

"*The RC also reviews all matters concerning the remuneration of Independent Directors and Non-Executive Director to ensure that the remuneration commensurate with the contribution and responsibilities of the Independent Directors and Non-Executive Director.*

The Independent Directors and Non-Executive Director do not have any service contracts. They receive Directors' fees, which takes into account their level of contribution and responsibilities. The payment of Directors' fees are subject to shareholders' approval at the forthcoming AGM of the Company."

As disclosed under Principle 8 at page 31 of the Annual Report:

"*The Company's remuneration policy is to reward performance and attract, retain and motivate Directors and key management personnel. The RC will take into account the industry norms, the Group's, performance as well as the contribution and performance of each Director when determining remuneration packages. The RC will review the remuneration of the Directors and key management personnel (including the service contract of the CEO) from time to time.*"

Based on the abovementioned disclosures, the Company is therefore of the view that the practices it has adopted are consistent with the intent of Principle 8 of the Code as a balance is struck between the requirement for transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation, vis-à-vis the Group's need to maintain confidentiality of remuneration matters.

By Order of the Board

Chen Qiuhai
Executive Director and Chief Executive Officer
28 October 2020