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 annual report of the Group for the year ended 30 June 2023 released on SGXNet on 13 October 2023. The Company would like to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited on 26 October 2023.

Query 1

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on 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 of the Code with regards to the disclosure of remuneration, and there were no explanations provided for in your FY2023 annual report on how it is 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.

Response to Query 1

As disclosed in page 32 of the Annual Report 2023, 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 94, 96 and 118 of the Annual Report.

As disclosed at page 31 of the Annual Report:

"While the Code recommends that companies fully disclose the amount and breakdown of remuneration for each individual director, the CEO and key management personnel on a named basis, the Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the Directors' and key management personnel remuneration due to competitiveness in the industry for talent.

As such, the Board has deviated from complying with Provision 8.1 of the Code and has provided a breakdown of the remuneration of the Directors and key management personnel, in percentage terms showing the level and mix, for FY2023 falling in the bands of $250,000 is set out below: "

"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 pages 31 of the Annual Report:

"*The level and structure 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.

Query 2

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. It is disclosed on page 35 of the Annual Report that, The Board and the AC have received assurance from the CEO, the Executive Director, the Chief Financial Officer respectively that: (a) 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 (b) 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 risk.

Under Provision 9.2 of the Code of Corporate Governance, The Board requires and discloses in the company's annual report that it has received assurance from: (a) 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; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

Please explain this deviation from Provision 9.2, specifically 9.2(b) and clarify how the practices the Company had adopted are consistent with the intent of Principle 9 of the Code.

Response to Query 2

As disclosed under Principle 9.1 at page 33 of the Annual Report:

"*The Board ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Group's assets and in this regard, the Board is assisted by the AC and the management which conducts the reviews."*

"The Management reviews regularly the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. In addition, both the external auditors and the internal auditors of the Group carry out, during the course of their statutory audit, the review of existence adequacy and effectiveness of the Group's material internal controls, including company level, financial, operational, compliance and information technology controls. Material non-compliance and internal control weaknesses are reported to the AC together with their recommendation for improvements of the Group's internal controls. The Management will follow up and implement the recommendations suggested by the external auditors and internal auditors of the Group so as to strengthen the Group's risk management procedures."

As disclosed under Principle 9.2 at page 33 of the Annual Report:

"*Beside the review by the external auditors in the course of their audit, The Company has engaged the services of an independent accounting and auditing firm, Crowe Horwath First Trust Risk Advisory Pte Ltd, a member of Crowe Global, a top-10 international accounting network, as its outsourced professional internal auditors ("IA") to review on a regular basis and in accordance with the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework and the top 10 Core Principles issued by the Institute of Internal Auditors, the internal controls of the Group addressing financial, operational, compliance and information technology controls, and the Group's risk management system. Subsequent to the review, the IA will report its findings directly to the AC and will propose recommendations to enhance the Group's internal controls or risk management system and to resolve any instances of inadequate internal control processes. The external auditors will also report any material non-compliance or weaknesses in internal controls to the AC. The Management is responsible for the implementation of the various recommendations and will report the progress of implementation to the AC. No material high risk findings were noted in the external auditors and the IA report for FY2023. All other findings of the IA report for FY2023 have been addressed by Management.*"

"*The Board and the AC have received assurance from the CEO, the Executive Director, the Chief Financial Officer respectively that: (a) 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 (b) 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 Board and the AC 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"*

Notwithstanding that the words "in place" was used in place of "adequate", the written confirmation provided by from the CEO, the Executive Director, the Chief Financial Officer do contain the words "*Company has an* ***adequate*** *and effective system of controls*."

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 9 of the Code.

Query 3

Listing Rule 710A states that an issuer must describe in its annual report its board diversity policy, including the following:

(a) the issuer's targets to achieve diversity on its board;
(b) the issuer's accompanying plans and timelines for achieving the targets;
(c) the issuer's progress towards achieving the targets within the timelines; and
(d) a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

Please disclose whether and how Listing Rule 710A, specifically (a) - (c), has been complied with.

Response to Query 3

As disclosed under Principle 2 at pages 18 and 19 of the Annual Report:

"*The Company is committed to build a diverse, inclusive and collaborative culture. The Company recognises and embraces the benefits of diversity on the Board, and recognises the need and benefits of embracing diversity at the Board level to enhance stewardship and decision-making capabilities commensurate with the Company's ever-evolving operating environment. The Company views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development."*

"The Company has a written Board Diversity Policy which sets out the policy and framework for promoting diversity on the Board and maintained a culture of diversity to benefit from a wide talent pool. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including but not limited to:

(i) gender;
(ii) age;
(iii) nationality;
(iv) ethnicity;
(v) cultural background;
(vi) education background;
(vii) experience;
(viii) skills;
(ix) knowledge;
(x) independence; and

(xi) length of service.

All director appointments or re-appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity and needs on the Board, and no candidate shall be disregard by virtue of disability, gender, sexual orientation, age, race, ethnicity, religion, physical impairment, or any other potential factor of difference. Instructions to external search consultants would specifically be directed to the Company's Board Diversity Policy.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(i) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(ii) annual evaluation by the Directors with a view to understanding the range and level of expertise which is lacking by the Board."

Some details of the Board composition based on gender, years of directorship, citizenship and age group are also disclosed.

"*This composition and diversity of the Board enable the Management to benefit from a diverse and objective external perspective, on issues raised before the Board. Each Director has been appointed based on the strength of his/her calibre, expertise, experience and his/her potential contribution to the Group and its businesses.*"

Based on the abovementioned disclosures:

(a) the Company has disclosed its targets to achieve diversity on its board based on and in accordance with its diversity policy. All director appointments or re-appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity and needs on the Board, and no candidate shall be disregard by virtue of disability, gender, sexual orientation, age, race, ethnicity, religion, physical impairment, or any other potential factor of difference. There cannot be any specific numeric target for each of the diversity factors including but not limited to (i) to (xi) listed above;

(b) with regard to plans and timelines for achieving the targets, the Company has already implemented it diversity policy and would continue to monitor and maintain in its annual reviews and evaluation as stated;

(c) with regard to the progress towards achieving the targets within the timelines, the Company is of the view that maintaining inclusiveness and diversity is an ongoing matter to be maintained through its regular review of the Board's composition.

Accordingly, the Company is therefore of the view that it has complied with Listing Rule 710A, (a) - (c).

BY ORDER OF THE BOARD

CHEN QIUHAI

Executive Director and Chief Executive Officer

1 November 2023