



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 2021**

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 2021. The queries and the Company’s responses are as follows:

SGX 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 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your FY2021 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company’s Response:

As disclosed under Principle 2 at page 19 of the Annual Report 2021, the board is of the view that it’s members’ *“combined wealth and diversity of experience enable them to contribute efficiently and effectively to the strategic growth and governance of the Group”*.

As disclosed under Provision 2.4 at page 20 of the Annual Report 2021:

“The Company does not have a Board diversity policy but it consists of professionals from various disciplines. The Board comprises persons with diverse expertise and experience in accounting, business and management, finance, legal and risk management who as a group provide a balance of skill, knowledge, experience and other aspects of diversity such as gender and age to the Company’s business. This balance is important to promote the inclusion of different perspectives and ideas, mitigate against group think and ensure that the Company has the opportunity to benefit from all available talent and the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Group.

Despite not having an official Board diversity policy, the Board through the reviews and considerations above, is confident of maintaining and attracting a diverse and effective composition regardless of gender, race, ethnicity, religion, age or other aspect of diversity.”

In relation to the appropriate level of independence, as disclosed under Provision 2.1 to 2.3 at pages 19 and 20 of the Annual Report 2021:

“Provision 2.1

The criterion for independence is based on the definition set out in the Code, and taking into consideration whether the Directors falls under any circumstances pursuant to Rule 210(5) of the Mainboard Rules. The Board considers an “independent” Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement in the best interests of the Company. The NC conducts an annual review to determine the independence of the Directors in accordance to the Code as well as the Mainboard Rules. In its review, the NC considers all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its findings and recommendations to the Board for approval.

The appointment period of each director should also be taken into consideration in determining his independence pursuant to Provision 2.1 of the Code.

The Board conducts a rigorous review of the independence of the Directors who have served beyond nine years. The Board’s rigorous review includes critical examination of any conflicts of interest, as well as review of each director’s involvement in affairs of the Company, including board and committee meetings, discussions, views and comments expressed and decisions taken on matters and proposals put before the Board. The review will also take into consideration input from various sources, including the findings of board performance evaluation and assessment of director’s performance, as well as feedback from fellow directors including executive directors. Through this exercise, the Board will seek to ascertain the independence of each Independent director, and his contribution to the effectiveness of the Board’s oversight role and in the discharge of its duties and responsibilities in ensuring that the Company is run and managed in the interest of the Company and that of its shareholders.

The Board, after taking into consideration the recommendation of the NC, is of the view that the Mr Liu Yi and Mr Tan Kah Ghee are independent pursuant to the definition of independence of the Code as there are no relationships or circumstances which could interfere, or could reasonably perceived to interfere with the exercise of independent business judgement of an Independent Director.

As Mr Chang Feng-chang has served on the Board as Independent Director for more than nine years, he was redesignated as a Non-Independent Non-Executive Director on 28 August 2021

Both Mr Liu Yi and Mr Tan Kah Ghee have abstained from the NC's and Board's deliberation on the matter pertaining to their respective position.

Provision 2.2

There is a strong and independent element on the Board as the Independent Directors and Non-Executive Director make up a majority of the Board. The Chairman and the Lead Independent Director are independent.

Provision 2.3

The Independent Directors and Non-Executive Director make up a majority of the Board.”

In relation to the diversity of thought and background in its composition, as disclosed under Principle 2 and Provision 2.4 at pages 19 and 20 of the Annual Report 2021:

“As at the date of this report, the Board comprises of two (2) Executive Directors, two (2) Non-Executive Director and two (2) Independent Directors. Their combined wealth and diversity of experience enable them to contribute efficiently and effectively to the strategic growth and governance of the Group.”

Provision 2.4

The size and composition of the Board and the Board Committees are reviewed annually by the NC to ensure that the size and composition of the Board and the Board Committees are conducive to effective discussions and decision-making, and to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective to issues that are brought before the Board.

The NC is satisfied that taking into account the nature and scope of the Group's operations, the current size and the composition of the Board and the Board Committees, are appropriate to meet the Company's objectives and facilitates effective decision making.

The Independent Directors and Non-Executive Director have the necessary experience and expertise to assist the Board in decision making and provide greater balance to the Board as they do not participate in the day-to-day running of the Group. The Independent Directors and Non-Executive Director may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Board's decisions are undertaken on a unanimous basis and no individual or small group of individuals dominate the Board's decision-making process.”

Please refer to the Company's response on diversity above.

Please also refer to pages 9 to 12 of the Annual Report 2021 for the write-ups of our Directors.

SGX 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. 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 were provided for in your FY2021 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.

Company’s Response:

As disclosed in page 40 of the Annual Report 2021, 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 114 and 140 of the Annual Report.

As disclosed at page 41 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 38 and 39 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 39 and 40 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 40 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
18 October 2021