



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

PROPOSED ACQUISITION OF 45% INTEREST IN FUJIAN TIANWANG FOODS CO.,LTD

1. Introduction

The board of directors (the “**Board**”) of Yamada Green Resources Limited (the “**Company**”) and together with its subsidiaries, (the “**Group**”) wishes to announce that Fuzhou Wangcheng Foods Development Co., Ltd. (福州旺成食品开发有限公司) (“**Wangcheng**”), a wholly-owned subsidiary of the Company, has on 22 December 2015 entered into a sales and purchase agreement (the “**SPA**”) with Golden Sea International Holdings Limited (the “**Vendor**”) to acquire 45% equity interest in the registered capital of Fujian Tianwang Foods Co.,Ltd (福建省天旺食品有限公司) and its subsidiary, Sanming Sennong Forestry Co., Ltd. (三明市森农林业有限公司), collectively (“**Tianwang**”), for a cash consideration of RMB39,933,000¹ (“**Aggregate Consideration**”) via a direct business transaction (“**Proposed Acquisition**”).

2. Information on Tianwang

Tianwang is incorporated in Jiangle County, Fujian Province, the People Republic of China (the “**PRC**”). Its principal activities are those of manufacturing and supplying of processed food products, such as processed bamboo shoots, cultivation and sales of vegetables, and forestry management in the PRC.

3. Aggregate Consideration

The Aggregate Consideration for the Proposed Acquisition is RMB39,933,000¹, which is (arrived on arm’s length negotiation and willing buyer and willing seller basis) determined based on the prospects and consolidated net profit after tax (“**NPAT**”) of Tianwang (including audited NPAT for the 9-month period ended 30 September 2015 and forecast NPAT for the 3-month period ending 31 December 2015), after taking into account the valuation report dated 18 December 2015 (“**Valuation Report**”) commissioned by Wangcheng and prepared by independent valuer, 厦门均达资产评估有限责任公司. The market value of Tianwang as at 30 September 2015 was RMB98,718,100, using the discounted cash-flow model.

¹ Equivalent to approximately S\$8,724,710, based on the exchange rate of S\$1:RMB4.577.

The Aggregate Consideration shall be subject to the following adjustments (“**Adjustments**”):-

- (i) If the audited NPAT of Tianwang for the financial year ending 31 December 2015 (“**FY2015**”) is not lower than the forecast NPAT for FY2015 (“**Targeted NPAT**”), the Aggregate Consideration shall not be adjusted; or
- (ii) If the audited NPAT of Tianwang for FY2015 is lower than the Targeted NPAT, Vendor shall be obliged to refund part of the Aggregate Consideration to Wangcheng of which the refund amount (“**Refund**”) shall be determined by the formula below:

$$\text{Refund} = \text{Aggregate Consideration} \times \text{Variance}^2 / \text{Targeted NPAT}$$

The Aggregate Consideration, subject to the Adjustments, shall be satisfied in the following manners:-

- (i) Wangcheng shall pay the full Aggregate Consideration in cash to Vendor within 90 days from the date of the SPA; and
- (ii) The Vendor shall pay the Refund in cash to Wangcheng within 90 days after the issuance of the unqualified audit report in respect of the audited financial statements of Tianwang for FY2015.

4. Conditions of the Acquisition

- 4.1 Tianwang shall within the first three years, since the date of the Proposed Acquisition, achieve total earnings of at least RMB50 million. The Vendor shall be obliged to pay Wangcheng a 10% penalty, based on the targeted earnings, should the targeted earnings be not achieved within the timeframe.
- 4.2 Tianwang shall be obliged to pay dividend to Wangcheng at least once in the first three years following the date of the Proposed Acquisition, with the condition that Tianwang is profitable in these three consecutive years. The amount of the dividend shall not be lower than 20% of its consolidated net profit after tax for the year.
- 4.3 A director from Wangcheng shall take up a managerial position in Tianwang after the proposed acquisition is completed.

5. Rationale for the Proposed Acquisition

The Company believes that the Proposed Acquisition is in the best interests of the Company, in view of the many potential synergies between the Group’s business and the business of Tianwang. These include economies of scale, strengthening of the supply chain and scope in the Group’s product offerings in the bamboo trees and bamboo shoots industry (“**Bamboo Industry**”). In addition, the Proposed Acquisition will potentially enable the Group to achieve higher earnings as a result of increasing market share in the Bamboo Industry and greater cost savings from integration and streamlining the supply chain of the bamboo shoots and bamboo trees.

²The difference between the audited NPAT and Targeted NPAT.

6. Source of Funds

RMB32,954,400³ out of the Aggregate Consideration for the Proposed Acquisition will be funded through the net proceeds from the Rights Issue (as announced in the Company's announcement and Offer Information Statement on 8 June 2015 and 26 August 2015 respectively). The rest of the Aggregate Consideration will be funded through the Group's internal resources.

7. Financial Effects

7.1 The financial effects of the Proposed Acquisition on the Group are prepared based on the Group's audited consolidated financial statements for the financial year ended 30 June 2015 ("FY 2015"). For the purpose of computing the earnings per share ("EPS") of the Group after the Proposed Acquisition, it is assumed that the Proposed Acquisition was completed on 1 July 2014. For the purpose of computing the net tangible assets ("NTA") per share of the Group, it is assumed that the Proposed Acquisition was completed on 30 June 2015.

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 Proposed Acquisition.

7.2 NTA per Share

	Before Proposed Acquisition	After Proposed Acquisition
NTA (RMB'000)	873,513	873,513
Numbers of shares ('000)	540,667	540,667
NTA per share (RMB cents)	161.6	161.6

7.3 EPS

	Before Proposed Acquisition	After Proposed Acquisition
Net profit for FY2015 (RMB'000)	86,229	93,114
Weighted average number of shares ('000)	534,560	534,560
EPS (RMB cents)	16.1	17.4

³ Equivalent to approximately S\$7,200,000, based on the exchange rate of S\$1:RMB4.577.

8. Relative Figures computed based on Rule 1006 of Listing Manual of Singapore Exchange Securities Trading Limited

Rule	Relative Computation	Relative Figures
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	Not Applicable
1006(b)	The net profits attributable to the assets acquired or disposed of, compared to the Group's net profits.	7.98% ⁽¹⁾
1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares.	16.91% ⁽²⁾
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is not applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable

Notes:

- (1) Based on the consolidated net profit after tax of Tianwang and the Group for FY2015.
- (2) Based on the Aggregate Consideration of RMB39,933,000 and the market capitalization of the Company of S\$51,595,868 (equivalent to approximately RMB236,154,288 based on the exchange rate of RMB4.577 : S\$1.00), determined by multiplying the number of shares in issue of the Company (of 162,200,151 shares) by the weighted average price of S\$0.3181 of such shares transacted on 21 December 2015, being the market day preceding the date of the Agreement.

As the applicable relative figure computed under Rule 1006(c) of Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") does not exceed 20%, the Proposed Acquisition constitutes a "Discloseable Transaction" as defined in Chapter 10 of the Listing Manual of SGX-ST.

9. Interest of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, saved for their shareholding interest in the Company.

10. Service Contracts

No Directors will be appointed to the Company in connection with the Proposed Acquisition.

11. Documents for Inspection

Copies of the SPA and the Valuation Report are available for inspection during normal business hours at the Company's registered office at 6 Battery Road, #10-01, Singapore 049909 for a period of three (3) months from the date of this Announcement.

By order of the Board

Chen Qiu Hai
Executive Chairman and Chief Executive Officer
23 December 2015