

YAMADA GREEN RESOURCES LIMITED

(Company Registration No. 201002962E)
(Incorporated in the Republic of Singapore)

PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

- 1.1 The Board of Directors (“**Directors**”) of Yamada Green Resources Limited (“**Company**”) wishes to announce that the Company proposes to undertake a renounceable underwritten rights issue (“**Rights Issue**”) of 270,333,587 new ordinary shares in the capital of the Company (“**Rights Shares**”) at an issue price of S\$0.07 for each Right Share (“**Issue Price**”) on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the issued and paid-up capital of the Company (“**Shares**”) held by shareholders of the Company (“**Shareholders**”) as at the Book Closure Date (as defined below), to raise gross proceeds of approximately S\$18.9 million.
- 1.2 The Company has appointed UOB Kay Hian Pte. Ltd. as the manager and underwriter of the Rights Issue (“**UOBKH**”).

2. PRINCIPAL TERMS

2.1 Basis and Issue Price

The Rights Shares will be issued pursuant to the general share issue mandate approved by Shareholders at the last annual general meeting of the Company held on 29 October 2014.

Pursuant to the Rights Issue, 270,333,587 Rights Shares will be provisionally allotted on the basis of one (1) Rights Share for every two (2) existing Shares held by Shareholders as at a books closure date to be determined by the Directors (“**Books Closure Date**”), fractional entitlements, if any, to be disregarded.

2.2 Number of Rights Shares

As at the date hereof, the total number of issued Shares is 540,667,175 (“**Existing Share Capital**”), and 270,333,587 Rights Shares will be issued pursuant to the Rights Issue. The Company does not hold any treasury Shares. Immediately after the completion of the Rights Issue, the total number of issued Shares will be 811,000,762 (“**Enlarged Share Capital**”).

2.3 Status of Rights Shares

The Rights Shares will be payable in full upon acceptance and/or application and, upon allotment and issue, shall rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after (and for the avoidance of doubt, not before) the date of issue of the Rights Shares. For this purpose, “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

2.4 Eligibility of Shareholders to Participate in the Rights Issue

Entitled Shareholders

The Rights Issue is proposed to be offered on a renounceable basis to Shareholders who are eligible to participate in the Rights Issue (“**Entitled Shareholders**”), namely, Entitled Depositors and Entitled Scripholders (each as defined below).

“**Entitled Depositors**” means Shareholders with Shares standing to the credit of their securities accounts with The Central Depository (Pte) Limited (“**CDP**”) as at 5.00 p.m. (Singapore time) on the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have provided CDP at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807, with addresses in Singapore for the service of notices and documents at least three (3) market days prior to the Books Closure Date.

“**Entitled Scripholders**” means Shareholders with Shares registered in their own names as at 5.00 p.m. (Singapore time) on the Books Closure Date or persons who have tendered to the Company’s share registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road #02-00, Singapore 068898 (“**Share Registrar**”) duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title for registration up to 5.00 p.m. (Singapore time) on the Books Closure Date and, in each case, whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have provided the Share Registrar with addresses in Singapore for the service of notices and documents at least three (3) market days prior to the Books Closure Date.

Entitled Shareholders will be at liberty to accept, decline or renounce or trade on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Fractional entitlements, if any, to the Rights Shares will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may in their absolute discretion deem fit.

In the allotment of any excess Rights Shares, preference will be given for the rounding of odd lots. The Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

Foreign Shareholders

For practical reasons and in order to avoid any violation of the legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior thereto, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”), and the offer information statement and its accompanying documents (“**Offer Information Statement**”) to be issued by the Company in connection with the Rights Issue may not be despatched to Foreign Shareholders. In that event, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof and application therefor by Foreign Shareholders will be valid.

To the extent that it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil paid” on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales

may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the expenses expected to be incurred. The net proceeds arising from such sales (after deducting any applicable brokerage, commissions and expenses, including goods and services tax) will be aggregated and distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10.00 to any single Foreign Shareholder, and such amount shall be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their absolute discretion deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or their respective officers in connection therewith. Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

2.5 **CPF Investment Scheme**

Investors who purchased Shares pursuant to the Central Provident Fund ("**CPF**") Investment Scheme may use their CPF Ordinary Account savings ("**CPF Funds**"), subject to applicable CPF rules and regulations, for the payment of the Issue Price to subscribe for their provisional allotments of Rights Shares and (if applicable) to apply for excess Rights Shares, if they previously purchased Shares using CPF Funds.

Such persons who wish to accept provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using their CPF Funds will need to instruct their respective approved CPF agent banks with whom they hold their CPF investment accounts, to accept the provisional allotments of Right Shares and (if applicable) apply for excess Rights Shares on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of provisional allotments of Rights Shares directly from the market.

2.6 **Terms and Conditions of the Rights Issue**

The terms and conditions of the Rights Issue are subject to such changes as the Directors may, in their absolute discretion, deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the Monetary Authority of Singapore ("**MAS**") and despatched by the Company to the Entitled Shareholders in due course.

3. **UNDERTAKING, UNDERWRITING AND SUB-UNDERWRITING**

3.1 **Irrevocable Undertaking**

As at the date of this announcement, Mr. Chen Qiu Hai ("**Mr. Chen**"), who is the Executive Chairman and Chief Executive Officer of the Company, is the sole legal and beneficial owner of Sanwang International Holdings Limited ("**Sanwang**"), which holds 195,936,718 Shares representing approximately 36.2% of the Existing Share Capital. Mr. Chen has irrevocably undertaken to the Company and UOBKH to procure Sanwang to subscribe and pay in full for its whole entitlement of 97,968,359 Rights Shares ("**Sanwang Rights Shares**"). Mr. Chen has also furnished to UOBKH evidence that Sanwang has sufficient financial resources to pay for the Sanwang Rights Shares.

3.2 **Underwriting Arrangement**

UOBKH has agreed, on and subject to the terms and conditions of an underwriting agreement dated the same date hereof and entered into with the Company ("**Underwriting Agreement**"), to underwrite 172,365,228 Rights Shares, being the total number of Rights Shares to be issued pursuant to the Rights Issue less the number of Sanwang Rights Shares ("**Underwritten Balance Rights Shares**").

An underwriting commission ("**Underwriting Commission**") of 5.0% of the Issue Price of the Underwritten Balance Rights Shares will be payable by the Company to UOBKH.

The obligations of UOBKH to underwrite the Underwritten Balance Rights Shares are conditional upon, *inter alia*, the following:

- (a) the Offer Information Statement having been lodged with the MAS in accordance with Section 277 of the Securities and Futures Act, Chapter 289 of Singapore;
- (b) the approval in-principle having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the Rights Issue) for the listing of and quotation for the Rights Shares on the Official List of the SGX-ST ("**Listing Approval**") on terms reasonably acceptable to the Company; and
- (c) the payment of the Sub-Underwriting Commission (as defined below) by UOBKH to Mr. Sam Goi Seng Hui ("**Mr. Sam Goi**"), who is a substantial Shareholder of the Company, being approved by Shareholders at an extraordinary general meeting of the Company to be convened ("**EGM**").

3.3 **Sub-Underwriting Arrangement**

As at the date of this announcement, Mr. Sam Goi owns 90% of the shares in Hydrex International Pte Ltd ("**Hydrex**"), which holds 42,000,000 Shares representing approximately 7.8% of the Existing Share Capital. Based on the Register of Substantial Shareholders, Mr. Sam Goi is deemed to be interested in the Shares which are held by Hydrex.

Mr. Sam Goi has executed an irrevocable undertaking dated the date hereof in favour of UOBKH to sub-underwrite (and thereby subscribe for) the entire number of Underwritten Balance Rights Shares pursuant to the terms and conditions of the irrevocable undertaking. Assuming no other Shareholders (other than Sanwang) subscribe for the Rights Shares, upon compliance with his sub-underwriting obligations, Mr. Sam Goi will hold, directly and indirectly, 214,365,228 Shares representing approximately 26.4% of the Enlarged Share Capital.

Mr. Sam Goi will be paid a sub-underwriting commission ("**Sub-Underwriting Commission**") of 3.0% of the Issue Price of the Underwritten Balance Rights Shares which he is sub-underwriting. The Sub-Underwriting Commission will be paid by UOBKH out of its Underwriting Commission and will not lead to any additional cost to the Company. As Mr. Sam Goi is a substantial Shareholder of the Company, such payment is conditional upon Shareholders' approval at the EGM pursuant to Practice Note 8.2 of the SGX-ST Listing Manual. Mr. Sam Goi and his associates (which include Hydrex) will be required to abstain from voting on the resolution at the EGM.

Taking into account the fact that the Sub-Underwriting Commission will not lead to any additional cost for the Company since it is paid by UOBKH out of its Underwriting Commission and the sub-underwriting arrangement with Mr. Sam Goi will likely result in an increased take up of the Rights Issue, the Directors (other than Mr. Goi Kok Neng (who is Mr. Sam Goi's son) who has abstained from the deliberation) consider the terms of the sub-underwriting arrangement with Mr. Sam Goi fair and not prejudicial to the Company or to other Shareholders.

The Directors (other than Mr. Goi Kok Neng who has abstained from the deliberation in respect of the sub-underwriting arrangement with Mr. Sam Goi) further confirm that the terms agreed between the Company and UOBKH in relation to the Rights Issue (including the payment of the Underwriting Commission to UOBKH as well as the payment of the Sub-Underwriting Commission to Mr. Sam Goi) are on arm's length and normal commercial terms.

4. **RATIONALE OF THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Rights Issue has been proposed to strengthen the Company's balance sheet and enhance the financial flexibility of the Company and its subsidiaries ("**Group**").

After deducting estimated costs and expenses of approximately S\$0.9 million relating to the Rights Issue, the net proceeds of the Rights Issue will be approximately S\$18.0 million.

The net proceeds from the Rights Issue are intended to be utilised as follows:

- (a) 40% to pursue strategic investment and acquisition opportunities as and when they arise in the future; and
- (b) 60% for general corporate and working capital purposes, including to support the Group's organic growth plans and initiatives.

Pending the deployment of the proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities or used for any other purpose as the Directors may in their absolute discretion deem fit. The Company will make announcement(s) on the utilisation of the net proceeds of the Rights Issue as and when they are materially disbursed and provide a status report on the use of the net proceeds in the Company's annual report (and subsequent annual reports, if applicable) until such time the proceeds from the Rights Issue have been fully utilised.

5. VALUATION PROPOSITION FOR SHAREHOLDERS

The Company believes that the Rights Issue is in the best interests of Shareholders and the Group as a whole. The Rights Issue provides all Shareholders with the opportunity to subscribe for the Rights Shares at the Issue Price of S\$0.07 which is at a discount of:

- (a) approximately 43.5% to the volume-weighted average price of S\$0.124 per Share, based on trades done on the SGX-ST on 8 June 2015, being the date of this Announcement ("VWAP"); and
- (b) approximately 34.0% to the theoretical ex-rights price ("TERP") of S\$0.106 per Share.⁽¹⁾

6. CONDITIONS FOR THE RIGHTS ISSUE

The Rights Issue is subject to, *inter alia*, the following:

- (a) the Listing Approval having been granted by the SGX-ST;
- (b) the lodgement of the Offer Information Statement with the MAS; and
- (c) the approval of Shareholders for the payment of the Sub-Underwriting Commission by UOBKH to Mr. Sam Goi being obtained.

The Company will be applying to the SGX-ST to seek its approval in-principle for the listing of, and quotation for, the Rights Shares on the SGX-ST.

The Offer Information Statement will be lodged with the MAS and despatched to Entitled Shareholders in due course after the Listing Approval has been obtained from the SGX-ST.

(1) The TERP is the theoretical market price of each Share assuming the completion of the Rights Issue, and is calculated based on the following formula:

$$\text{TERP} = \frac{\text{Market capitalisation of the Company based on the VWAP} + \text{Gross proceeds from the Rights Issue}}{\text{Number of Shares after completion of Rights Issue}}$$

7. LOCK-UP

Under the Underwriting Agreement, the Company has agreed, amongst other matters, that it will not issue any marketable securities (in the form of, or represented or evidenced by, bids, notes, debentures, loan stock or other securities) or Shares or options thereof, or vary, alter, subdivide or otherwise do anything to its capital structure (issued or otherwise) at any time on or before the expiry of ninety (90) days after the closing date of the Rights Issue, without the prior written consent of UOBKH, such consent not to be unreasonably withheld.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed, none of the Directors or substantial Shareholders of the Company has an interest, direct or indirect, in the Rights Issue, other than through their respective shareholding interests, direct or indirect, in the Company.

For the avoidance of doubt, none of Mr. Chen, Mr. Sam Goi and Global Yellow Pages Limited, being substantial Shareholders, nor any of their associates, act in concert in relation to the Company.

9. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue and the Group, and the Directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. FURTHER ANNOUNCEMENTS

The Company will make the necessary follow-up announcement(s) in respect of the Rights Issue as and when required.

In the meantime, Shareholders are reminded to exercise caution in their trading in Shares, and in the event of any doubt, to seek their own professional advice.

ANYONE WHO WISHES TO INVEST OR TRADE IN THE SHARES OF THE COMPANY SHOULD EXERCISE DUE CAUTION AND NOTE THAT THERE IS NO ASSURANCE THAT THE RIGHTS ISSUE WILL PROCEED AS IT IS SUBJECT TO A NUMBER OF CONDITIONS TO BE FULFILLED, INCLUDING WITHOUT LIMITATION, THE LIST OF CONDITIONS AS STATED IN THE PARAGRAPHS ABOVE.

BY ORDER OF THE BOARD

YAMADA GREEN RESOURCES LIMITED

Chen Qiuhai
Executive Chairman and Chief Executive Officer
8 June 2015