



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

PROPOSED ACQUISITION OF 19% EQUITY INTEREST IN ZHANGZHOU MEISEI FOODS CO., LTD

1. Introduction

The board of directors (“**Board**”) of Yamada Green Resources Limited (“**Company**”) and together with its subsidiaries, “**Group**”) wishes to announce that Fuzhou Wangcheng Foods Development Co., Ltd. (“**Wangcheng**”), a wholly-owned subsidiary of the Company, has on 19 June 2014 entered into an equity transfer agreement (“**Agreement**”) with Mr Du Deming (杜德明) (“**Vendor**”), pursuant to which Wangcheng shall acquire 19% equity interest (“**Sale Shares**”) in the registered capital of Zhangzhou Meisei Foods Co., Ltd (漳州明成食品有限公司) (“**Meisei**”) (“**Proposed Acquisition**”).

2. Information on Meisei

Meisei is a company incorporated on 20 June 2006 in Nanjing County, Fujian Province, People’s Republic of China (“**PRC**”). As at the date of the Agreement, Meisei has a registered capital of RMB10 million, with 60% equity interest held by the Vendor and remaining 40% equity interest held by Ms Chen Ruofeng (陈若枫) respectively.

The Vendor is the legal representative and sole director of Meisei. Ms Chen Ruofeng is the manager of Meisei. The Vendor is the cousin of Mr Chen Qihai, the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company. Ms Chen Ruofeng is unrelated to the Company, the directors, chief executive officer and controlling shareholder of the Company.

Meisei is principally engaged in the manufacturing and supply of a wide variety of agricultural processed food products including different types of processed bamboo shoots, pickled vegetables and other processed vegetables. Meisei is recognized as one of the leading processed bamboo shoots suppliers in Fujian Province.

Based on the Meisei’s audited financial statements for the financial year ended 31 December 2013 (“**FY2013**”), Meisei recorded an audited net profit after tax (“**NPAT**”) of RMB21,055,702.65 for FY2013, and its net assets value as at 31 December 2013 was RMB65,201,936.96.

3. Purchase Consideration

The purchase consideration for the Proposed Acquisition is RMB36,405,309.88¹ (“**Purchase Consideration**”), which is arrived on arms’ length negotiation and willing buyer and willing seller basis after taking into account the valuation commissioned by Wangcheng. Based on the valuation report dated 10 June 2014 (“**Valuation Report**”) prepared by an independent valuer, Fujian Huacheng Real Estate Land Assets Appraisal Co., Ltd. (福建华成房地产土地资产评估有限公司) in accordance with income approach, the net assets value of Meisei as at 31 December 2013 was RMB190,784,900.

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

- (i) If the audited NPAT of Meisei for the financial year ending 31 December 2014 (“**FY2014**”) is not lower than RMB23,161,272.93 (“**Targeted NPAT**”), the Purchase Consideration shall not be adjusted; or
- (ii) If the audited NPAT of Meisei for FY2014 is lower than the audited NPAT for FY2013, the Purchase Consideration shall be reduced by 10%, which is to be adjusted to RMB32,764,778.89 (“**P1**”); or
- (iii) If the audited NPAT of Meisei for FY2014 is not lower than the audited NPAT for FY2013 but lower than Targeted NPAT, the Purchase Consideration shall be adjusted in accordance with the formula below:-

$$\text{Purchase Consideration} = P1 \times \frac{\text{audited NPAT for FY2014}}{\text{audited NPAT for FY2013}}$$

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

- (i) 90% of the Purchase Consideration shall be paid in cash within 30 days from the date of the Agreement; and
- (ii) the balance of up to 10% Purchase Consideration shall be paid in cash within 5 days after the issuance of the unqualified audit report in respect of the audited financial statements of Meisei for FY2014.

Upon the receipt of the 90% of the Purchase Consideration, the Vendor shall endeavor to immediately complete the registration of the Sale Shares with local commerce bureau in the PRC.

¹ Equivalent to S\$7,327,960.93 based on the exchange rate of RMB4.968 : S\$1.00

4. Disclosures pursuant to Rule 1013 of Listing Manual of Singapore Exchange Securities Trading Limited

4.1 Views of the Board

The Board is of the view that the Adjustments would be beneficial to the Company and in accepting the Targeted NPAT took into consideration the following factors:-

- (a) the track records of Meisei;
- (b) the factors considered in arriving at the Purchase Consideration;
- (c) the certainty of the profits for FY2014; and
- (d) the mechanism agreed by the parties to the Agreement to adjust the Purchase Consideration payable by Wangcheng.

4.2 Commercial bases and assumptions upon which the quantum of the NPAT is based

The quantum of the Targeted NPAT is derived from the Group's estimation of Meisei's growth at the rate of 10% per annum. Such estimation is determined after the consultation with the management of Meisei by taking into account the track record of the management and financial accounts of Meisei.

4.3 Manner and amount of compensation to be paid

In the event the audited NPAT of Meisei for FY2014 is lower than the audited NPAT of Meisei for FY2013, the Purchase Consideration shall be reduced by 10%, which is to be adjusted to RMB32,764,778.89. Accordingly, the Company is not required to pay to the Vendor the balance 10% of the Purchase Consideration which is payable in cash within 5 days after the issuance of the unqualified audit report in respect of the audited financial statements of Meisei for FY2014.

In the event the audited NPAT of Meisei for FY2014 is lower than the Targeted NPAT but not lower than the audited NPAT of Meisei for FY2013, the Purchase Consideration will be adjusted downward in accordance with the formula specified in paragraph 3 of this announcement. In such event, the balance 10% of the Purchase Consideration which is payable in cash within 5 days after the issuance of the unqualified audit report in respect of the audited financial statements of Meisei for FY2014, will not be paid in full and will be adjusted accordingly.

4.4 Safeguards put in place to ensure the Company's right of recourse

The Board is of the view that Wangcheng's interest is safeguarded since the balance 10% of the Purchase Consideration will not be paid until after the audited NPAT of Meisei for FY2014 is determined and the relevant Adjustments are carried out.

5. Rationale for the Proposed Acquisition

The Company believes that the Proposed Acquisition will foster a strategic and closer partnership between Wangcheng and Meisei, and put the Group in a stronger position to influence the raw material markets. The Company also believes that the Proposed Acquisition presents a valuable opportunity for the Group to expand its products portfolio in the future.

6. Source of Funds

The Proposed Acquisition 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 2013. 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 2012. For the purpose of computing the net tangible assets ("NTA") per share of the Group after the Proposed Acquisition, it is assumed that the Proposed Acquisition was completed on 30 June 2013.

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 the Proposed Acquisition	After the Proposed Acquisition
NTA (RMB'000)	666,948	666,948
Numbers of shares ('000)	498,452	498,452
NTA per share (RMB cents)	133.8	133.8

7.3 EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit for the year (RMB'000)	69,190	69,190
Weighted average number of shares ('000)	440,996	440,996
EPS (RMB cents)	15.7	15.7

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.	5.78% ⁽¹⁾
1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	8.63% ⁽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

Note:

- (1) The net profits attributable to the Sale Shares is RMB4,000,583.50, calculated based on 19% of the audited NPAT of Meisei for FY2013. The audited NPAT of the Group for the financial year ended 30 June 2013 is RMB69.19 million.
- (2) Based on the Purchase Consideration of RMB36,405,309.88 and the market capitalisation of the Company of S\$84,872,167.57 (equivalent to approximately RMB421,644,928.40 based on the exchange rate of RMB4.968 : S\$1.00), determined by multiplying the number of shares in issue of the Company (of 502,202,175 ordinary shares) by the weighted average price of S\$0.169 of such ordinary shares transacted on 18 June 2014, being the market day preceding the date of the Agreement.

As the applicable relative figures computed under Rule 1006(b) and 1006(c) of Listing Manual of SGX-ST exceed 5% but do not exceed 20%, the Proposed Acquisition constitutes a "Discloseable Transaction" as defined in Chapter 10 of the Listing Manual of the SGX-ST.

9. Interest of Directors and Controlling Shareholders

Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than in his capacity as Director or shareholder of the Company).

10. Service Contracts

No directors are proposed to be appointed to the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any person in connection with the Proposed Acquisition.

11. Documents for Inspection

A copy each of the Agreement and the Valuation Report are available for inspection during normal business hours at the Company's registered office at 7 Temasek Boulevard #43-03 Suntec Tower One Singapore 038987 for a period of 3 months from the date of this announcement.

By order of the Board

Chen Qiuhai
Executive Chairman and Chief Executive Officer
22 June 2014