



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

PROPOSED SALE AND LEASEBACK OF FORESTRY LAND USE RIGHTS OF EUCALYPTUS PLANTATIONS

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 Zhangping Fengwang Agricultural Products Co., Ltd (“**Fengwang**”), a wholly-owned subsidiary of the Company, has on 10 October 2014 entered into agreements (“**Agreements**”) with the parties set out in Column A (“**Villagers’ Committees**”) and Column B (“**Purchasers**”) of the schedule to this announcement (“**Schedule**”), pursuant to which (a) Fengwang agreed to sell, and the Purchasers have agreed to purchase, an aggregate of 51,193 mu* of eucalyptus plantations (excluding eucalyptus trees thereon) and the corresponding forestry land use rights (“**Eucalyptus Plantations**”) (details of which are set out in Column C of the Schedule) (“**Proposed Disposal**”) for an aggregate consideration of RMB65,997,585 (“**Aggregate Consideration**”), (b) the relevant Purchasers have agreed to leaseback an aggregate of 39,735 mu* of Eucalyptus Plantations to Fengwang (details of which are set out in Column D of the Schedule) (“**Proposed Leaseback**”), upon the terms and conditions of the Agreements (“**Proposed Disposal**”).

2. The Eucalyptus Plantations

The Eucalyptus Plantations are situated at Zhangping City, Fujian Province, People’s Republic of China and have a gross land area measuring approximately 51,193 mu.

Pursuant to the Proposed Leaseback, Fengwang shall be entitled to manage the Eucalyptus Plantations and enjoy benefits generated from the Eucalyptus Plantations.

Following the Proposed Disposal, the Group ceases to own land use right for the Eucalyptus Plantations. For the avoidance of doubts, the Group will continue to own the eucalyptus trees on the Eucalyptus Plantations.

3. Aggregate Consideration & Value of Eucalyptus Plantations

The Aggregate Consideration for the Proposed Disposal is RMB65,997,585, which is arrived at on arms' length negotiations and willing buyer and willing seller basis after taking into account the net book value of the Eucalyptus Plantations.

Pursuant to the Agreements, the Purchasers shall pay to Fengwang the difference between the consideration price for the disposal of eucalyptus plantations and the rent for the leaseback of the said eucalyptus plantations on or before 30 November 2014, and accordingly Fengwang shall receive an aggregate net amount of cash of RMB48,909,190 as a result of the Proposed Disposal and Proposed Leaseback.

The Company intends to use the Aggregate Consideration for the Group's general working capital purposes. Pending the deployment of the disposal proceeds, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

The net book value of the Eucalyptus Plantations as at 30 June 2014, based on the unaudited financial statements of the Group for the financial year ended 30 June 2014, is approximately RMB73,005,214. Accordingly, the Group's estimated deficit of proceeds over the net book value arising from the Proposed Disposal is approximately RMB7,007,629. The Group is expected to recognize a loss of approximately RMB6,357,000 from the Proposed Disposal for the current financial year ending 30 June 2015 (after taking into account the potential amortization).

4. Rationale

In recent years, the government in People's Republic of China has tightened the policy on forestry cultivation activities. As a result, it has become more restrictive in the cultivation of fast-growing trees (including eucalyptus trees) and the Group is prohibited from re-growing its eucalyptus trees to secure sawdust as raw materials for the production of the synthetic logs. In view thereof, the Directors consider it an appropriate time to dispose the land use rights of the Eucalyptus Plantations and unlock the value of the Eucalyptus Plantations.

5. Financial Effects

- 5.1 The financial effects of the Proposed Disposal on the Group are prepared based on the Group's unaudited consolidated financial statements for the financial year ended 30 June 2014. For the purpose of computing the earnings per share ("**EPS**") of the Group after the Proposed Disposal, it is assumed that the Proposed Disposal was completed on 1 July 2013. For the purpose of computing the net tangible assets ("**NTA**") per share of the Group, it is assumed that the Proposed Disposal was completed on 30 June 2014.

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 Disposal.

5.2 NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
NTA (RMB'000)	766,054	759,047
Numbers of shares ('000)	502,202	502,202
NTA per share (RMB cents)	152.5	151.1

5.3 EPS

	Before the Proposed Disposal	After the Proposed Disposal
Net profit for the year (RMB'000)	102,590	96,233
Weighted average number of shares ('000)	500,327	500,327
EPS (RMB cents)	20.50	19.23

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

The relative figures in respect of the Proposed Disposal, as computed on the bases set out in Rule 1006 of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and based on the latest announced consolidated financial statements of the Group for the financial year ended 30 June 2014, are as follows:

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	9.53% ⁽¹⁾
1006(b)	The net profits attributable to the assets acquired or disposed of, compared to the Group's net profit.	Not Applicable
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.	15.65% ⁽²⁾
1006(d)	The number of equity securities issued by the Company as	Not Applicable

	consideration for an acquisition, compared with the number of equity securities previously in issue.	
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) Based on the net asset value of the Eucalyptus Plantations of RMB73,005,214 and the Group's net asset value of RMB766,054,000 (based on the Group's latest announced consolidated accounts as at 30 June 2014).
- (2) Based on the Aggregate Consideration of RMB65,997,585 and the market capitalization of the Company of S\$87,026,752 (equivalent to approximately RMB421,644,615 based on the exchange rate of RMB4.8450 : S\$1.00), determined by multiplying the number of shares in issue of the Company (of 537,202,175 shares) by the weighted average price of S\$0.162 of such shares transacted on 9 October 2014, being the market day preceding the date of the Agreements.

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

7. Interest of Directors and Controlling Shareholders

None of the directors or controlling shareholders of the Company have any interest, direct or indirect, in the above transactions, other than through their directorships or respective shareholdings in the Company (if any).

8. Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. Documents Available for Inspection

Copies of the Agreements 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 three (3) months from the date of this Announcement.

10. Caution in Trading

Shareholders are advised to exercise caution in trading shares in the capital of the Company. Shareholders are advised to read this announcement and any announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

*1 mu is equivalent to approximately 667 square meters

By order of the Board

Chen Qiu Hai
Executive Chairman and Chief Executive Officer
10 October 2014

SCHEDULE

No.	Column A (Villagers' Committees)	Column B (Purchasers)	Column C			Column D	
			Land Area	Remaining Tenure	Consideration	Lease Tenure	Total Rent
1	Villagers' Committees of Xiahe Village, Xi'nan Town, Zhangping City	Chen Guangqing	1,768 mu	20 years	RMB945,880	10 years from 01.04.2015	RMB495,040
2	Villagers' Committees of Xiahe Village, Xi'nan Town, Zhangping City	Chen Genmu	931 mu	29 years	RMB970,430	10 years from 21.12.2014	RMB355,970
3	Villagers' Committees of Xiahe Village, Xi'nan Town, Zhangping City	Chen Fumu	1,239 mu	29 years	RMB1,291,475	10 years from 21.12.2014	RMB473,735
4	Villagers' Committees of Xiahe Village, Xi'nan Town, Zhangping City	Chen Liangmu	1,082 mu	29 years	RMB1,133,236	10 years from 21.12.2014	RMB413,706
5	Villagers' Committees of Wulao Village, Xi'nan Town, Zhangping City	Li Qingfeng	1,689 mu	30 years	RMB1,655,711	10 years from 11.01.2015	RMB608,531
6	Villagers' Committees of Wulao Village, Xi'nan Town, Zhangping City	Huang Liexiang	860 mu	30 years	RMB895,628	10 years from 21.12.2014	RMB319,428
7	Villagers' Committees of Guankeng Village, Xi'nan Town, Zhangping City	Lin Xiaohui	2,240 mu	40 years	RMB3,020,480	10 years from 08.01.2015	RMB847,680

8	Villagers' Committees of Guankeng Village, Xi'nan Town, Zhangping City	Chen Chuming	1,780 mu	40 years	RMB2,461,344	10 years from 29.11.2014	RMB672,444
9	Villagers' Committees of Guankeng Village, Xi'nan Town, Zhangping City	Chen Chufu	1,580 mu	40 years	RMB2,184,788	10 years from 29.11.2014	RMB596,888
10	Villagers' Committees of Guankeng Village, Xi'nan Town, Zhangping City	Chen Xinde	3,480 mu	39 years	RMB6,177,000	10 years from 01.01.2015	RMB1,740,000
11	Villagers' Committees of Xiaotan Village, Xi'nan Town, Zhangping City	Yi Bingtian	10,828 mu	40 years	RMB13,968,120	Not applicable	Not applicable
12	Villagers' Committees of Xiaotan Village, Xi'nan Town, Zhangping City	Yi Bingtian	966 mu	40 years	RMB1,294,001	10 years from 07.01.2015	RMB366,641
13	Villagers' Committees of Langche Village, Xi'nan Town, Zhangping City	Zhang Jiahua	654 mu	28 years	RMB636,758	10 years from 21.12.2014	RMB237,818
14	Villagers' Committees of Xi'nan Village, Xi'nan Town, Zhangping City	Wu Guanzhou	1,589 mu	20 years	RMB858,060	10 years from 01.10.2014	RMB444,920
15	Villagers' Committees of Penghu Village, Xinqiao Town, Zhangping City	Zeng Nianjin	2,430 mu	40 years	RMB4,374,000	10 years from 01.01.2015	RMB1,215,000
16	Villagers' Committees of Jinju Village, Xi'nan Town, Zhangping City	Chen Zhenguang	630 mu	27 years	RMB541,800	Not applicable	Not applicable

17	Villagers' Committees of Jinju Village, Xi'nan Town, Zhangping City	Chen Zhenguang	435 mu	26 years	RMB384,905	10 years from 21.12.2014	RMB154,355
18	Villagers' Committees of Jinju Village, Xi'nan Town, Zhangping City	Chen Chunlin	1,031 mu	26 years	RMB896,804	10 years from 21.12.2014	RMB365,839
19	Villagers' Committees of Qianban Village, Xinqiao Town, Zhangping City	Su Funan	5,986 mu	30 years	RMB8,919,140	10 years from 01.01.2015	RMB2,993,000
20	Villagers' Committees of Qianban Village, Xinqiao Town, Zhangping City	Chen Youle	6,420 mu	31 years	RMB9,340,100	10 years from 01.01.2015	RMB3,210,000
21	Villagers' Committees of Changrong Village, Xi'nan Town, Zhangping City	Chen Qidong	955 mu	20 years	RMB510,925	10 years from 01.04.2015	RMB267,400
22	Villagers' Committees of Gaomei Village, Xinqiao Town, Zhangping City	Lin Lifa	2,620 mu	29 years	RMB3,537,000	10 years from 01.01.2015	RMB1,310,000
AGGREGATE			51,193 mu		RMB65,997,585		RMB17,088,395