



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

PROPOSED DISPOSAL OF 45% OF THE REGISTERED CAPITAL OF FUJIAN TIANWANG FOODS CO., LTD

Unless otherwise specified, all capitalized terms used herein shall have the meanings ascribed to them in the announcements dated 23 and 29 April 2019, and 21 June 2019 (the “Disposal Announcements”).

Introduction

The board of directors (the “**Board**”) of Yamada Green Resources Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Disposal Announcements and wishes to clarify that the English name for the Purchaser (金海国际控股有限公司) should be Golden Sea International Holdings Limited instead of Jinhai International Holdings Limited.

The Board wishes to also update that following further discussions with the Purchaser, Wangsheng has on 4 September 2019 entered into a revised sale and purchase agreement (the “**Revised Agreement**”) with the Purchaser. Pursuant to the Revised Agreement, Wangsheng shall sell and the Purchaser shall acquire Wangsheng’s 45% equity interest in the registered capital of Tianwang (the “**Disposal**”).

Upon completion of the Disposal, Tianwang would cease to be an associated company of the Company.

The Purchaser

The Purchaser originally owned 100% of the equity interest in the registered capital of Tianwang. As announced by the Company on 23 December 2015, Wangsheng (then known as Fuzhou Wangcheng Foods Development Co., Ltd. (福州旺成食品开发有限公司)) had acquired the 45% equity interest in the registered capital of Tianwang from the Purchaser. The Purchaser remained and is currently the owner of the remaining 55% equity interest in the registered capital of Tianwang.

The sole director and shareholder of the Purchaser is Mr. You Jinyang, who has long been engaged in the areas of food processing, trade, and investment.

Mr You’s experience is as follows:

- (i) Aug 1988 – Jun 2006: Longyan Foreign Trade General Company – Division Manager;
- (ii) Jul 2006 – Oct 2008: Longyan Sino-Ocean Trading Co., Ltd – Manager;
- (iii) Nov 2011 – Jul 2017: Longyan Trans-Ocean Trading Co., Ltd – Shareholder, General Manager; and
- (iv) Since 2011: invested and managed Tianwang.

Save as aforesaid, the Purchaser is an independent third party and is not related to the Directors or substantial shareholders of the Company.

The Disposal as a “Major Transaction”

The relative figures pursuant to Rule 1006, using the unaudited accounts of the Group as at 30 June 2019, are:-

(a)	net asset value of the assets to be disposed of compared to the Group’s net asset value	13.8%.
(b)	net profits ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group’s net profits ⁽¹⁾	0.9% ⁽²⁾
(c)	aggregate value of the consideration given or received, compared with the issuer’s market capitalisation	14.0% ⁽³⁾
(d)	number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	NA
(e)	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 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	NA

NOTES:

- (1) Under Rule 1002(3)(b), “net profits” means profit or loss before income tax, minority interests and extraordinary items.
- (2) Determined by dividing the unaudited net loss of Tianwang for the full year ended 30 June 2019 of approximately RMB0.3 million by the Group’s latest announced consolidated net loss for the full year ended 30 June 2019 of RMB35.0 million.
- (3) Based on the aggregate value of the Consideration of approximately S\$8.17 million (RMB39.9 million based on an exchange rate of \$1:RMB4.890) and the market capitalisation of the Company as at 30 August 2017 (being the market day where the shares of the Company was traded preceding the date of the Revised Agreement). Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue and the closing market price of \$0.33 per share on 30 August 2017.

As announced on 21 June 2019, the Company had consulted SGX on the Disposal pursuant to Rule 1007(1) of the Listing Manual of SGX-ST on the applicability of Chapter 10 on the Disposal as the numbers used to derive the relative figure in Rule 1006(b) are both negative figures as both Tianwang and the Group are loss making and that SGX had replied that the Company is required to seek shareholders’ approval for the Disposal pursuant to Rules 1014 read with 1007(1) of the Listing Manual of SGX-ST. As such the Disposal is conditional upon approval by shareholders in a general meeting.

The Company will be seeking approval of Shareholders at an extraordinary general meeting to be convened. A circular containing, *inter alia*, details of the Disposal, together with the notice of extraordinary general meeting, will be despatched to Shareholders in due course.

Information to be announced under Rule 1010

(1) *Particulars of the assets disposed*

The Purchaser is acquiring 45% equity interest in the registered capital of Tianwang which is legally and beneficially owned by Wangsheng.

(2) *A description of the trade carried on*

Tianwang is incorporated in Jiangle County, Fujian Province, the 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) *The aggregate value of the consideration, including factors taken into consideration in arriving at the value of the consideration*

The total consideration for the Disposal is RMB39,933,000, equivalent to approximately S\$8,166,257.66 (based on an exchange rate of \$1:RMB4.890) (the “**Consideration**”) and is equivalent to the price at which the Company acquired its 45% equity interest in the registered capital of Tianwang in December 2015.

- (4) *Any material conditions, including put and call options*

The Revised Agreement is conditional upon the Company obtaining shareholders’ approval for the Disposal.

The Purchaser agrees to purchase and Wangsheng agrees to sell 45% of the registered capital of Tianwang as follows:

- (a) The Purchaser shall pay Wangsheng at least RMB13,311,000 within 1 year from the date the Company obtains shareholders’ approval for the Disposal (the “**Effective Date**”);
 - (b) The Purchaser shall pay Wangsheng the Consideration within 3 years from the Effective Date (the “**Due Date**”);
 - (c) If the Purchaser is unable to pay Wangsheng the Consideration by the Due Date, the Purchaser shall be allowed an extension for a further 1 year from the Due Date;
 - (d) Notwithstanding the above extension, the Purchaser shall pay Wangsheng at least RMB31,059,000 by the Due Date;
 - (e) The Purchaser may pay the Consideration in full at any time before the Due Date; and
 - (f) At the end of each physical year from the Effective Date, Wangsheng shall transfer such amount of equity interest in the registered capital of Tianwang to the Purchaser corresponding to the amount of consideration paid by the Purchaser during that year.
- (5) *The value (book value, net tangible asset value and the latest available open market value) of the assets being acquired or disposed of and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation*

The book value of the assets being disposed of was RMB43,114,000 as of 30 June 2019. The book value of the asset of RMB43,326,000 as of 31 December 2018 (as previously announced) was reduced by RMB 212,000 to RMB 43,114,000 as at 30 June 2019 being the share of the results of the associate Tianwang, for the period from 1 January 2019 to 30 June 2019.

- (6) *The excess or deficit of the proceeds over the book value and the intended use of the sale proceeds.*

There would be a deficit of RMB 3,181,000 of the proceeds over book value. This was arrived at by deducting the total consideration from the disposal of RMB 39,933,000 from the book value of the investment in associate classified as held for sale of RMB 43,114,000. The proceeds would be used for general working capital.

- (7) *The net profits or loss attributable to the assets being acquired or disposed and the amount of gain or loss from disposal*

The unaudited net share of the loss of Tianwang for the full year ended 30 June 2019 was approximately RMB0.3 million. The total book loss from disposal is RMB 3,181,000.

- (8) *The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year*

The net tangible assets per share of the Company and the Group as at 30 June 2019 is as follows:

	<-----Company----->		<-----Group----->	
	FY2019	After the Disposal	FY2019	After the Disposal
NTA per share (RMB)	167	167	163.7	163.7

NOTES:

- i) NTA per share is computed based on the weighted average number of shares of the Company in issue.
 - ii) The above impacts are computed under the assumption that the Disposal was done in the end of FY2019.
 - iii) NTA is computed based on audited financial statement of Tianwang.
- (9) *The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year*

The financial effect of the Disposal on the earnings per share of the Company and the Group for FY2019 is as follows:

	<-----Company----->		<-----Group----->	
	FY2019	After the Disposal	FY2019	After the Disposal
Earnings per share (RMB)	(3.0)	(3.0)	(19.8)	(19.8)

NOTES:

- i) Earnings per share is computed based on the weighted average number of shares of the Company in issue.
 - ii) The above impacts are computed under the assumption that the Disposal was done in the beginning of FY2019.
- (10) *The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction*

Despite the potential loss from the Disposal, the Company is of the view that the Disposal will be in the best interests of the Company for the following reasons:-

- (i) The Group no longer has any bamboo plantations and as such, Tianwang no longer adds value to the Group;
- (ii) Further losses would be prevented by discontinuing unprofitable investment projects; and
- (iii) Providing the working capital for the Company to embark on subsequent projects.

(11) *Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests*

None of the Directors or controlling shareholders has any interest, direct or indirect, in the transaction.

(12) *Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction*

Nil.

Documents for Inspection

Both the Agreement and Revised Agreement is 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.

By order of the Board

Chen Qiuhai
Executive Director and Chief Executive Officer
4 September 2019