

GREENYIELD BERHAD (“GREENYIELD” OR “THE COMPANY”)

SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID UP SHARE CAPITAL IN TIGANTARA PLANTATIONS SDN BHD TOGETHER WITH THE RIGHT TO USE OVER THE 400 HECTARES OF LAND FOR A TOTAL CASH CONSIDERATION OF RM2,800,000.00 (“PROPOSED ACQUISITION”)

1. Introduction

The announcement dated 26 September 2011 in relation to the Memorandum of Understanding (MOU) entered into between GREENYIELD, Chang Farn Kheang and Yoo Yoon Cheong on 26 September 2011 for the proposed acquisition of three (3) ordinary shares of RM1.00 each representing the entire issued and paid up share capital in Tigantara Plantations Sdn Bhd (Company No. 874075-T) (“TPSB”) together with the right to use over the 400 hectares of land comprising of Compartments 22, 31, 32 and 33 within Hutan Simpan Kekal Relai, Mukim Relai, Daerah Chiku, Jajahan Gua Musang, Kelantan refers.

The Board of Directors of GREENYIELD wishes to announce that the Company had on 2 December 2011 entered into a Shares Sale and Purchase Agreement (“SPA”) with Chang Farn Kheang and Yoo Yoon Cheong for the Proposed Acquisition.

Further to the execution of the SPA , the aforesaid MOU shall lapse.

2. Information on the Vendors

The Vendors, namely CHANG FARN KHEANG (NRIC No.: 671011-03-5071), a Malaysian and having his address at No. 4929-H, Jalan Pengkalan Chepa, 15400 Kota Bharu, Kelantan Darul Naim, and YOO YOON CHEONG (NRIC No.: 570329-08-5877), a Malaysian and having his address at No. 362, Jalan Anggerik, Taman Guchil Jaya, 18000 Kuala Krai, Kalantan Darul Naim (hereinafter collectively referred to as “the Vendors”) are the shareholders of TPSB.

3. Information on TPSB

TPSB is a private limited company incorporated in Malaysia on 5 October 2009 under the Companies Act, 1965 and having its registered address at PT 177, 1st Floor, Lorong Nyior Cabang, Jalan Hospital, 15200 Kota Bharu, Kelantan. The present authorised share capital of TPSB is RM500,000 comprising of 500,000 ordinary shares of RM1.00 each. The issued and paid-up shares of TPSB had subsequently been increased from three (3) ordinary shares of RM1.00 each to ten thousand (10,000) ordinary shares of RM1.00 each. TPSB currently is dormant.

Approval has been granted to TPSB by the Kelantan State Government through the Forestry Department of Kelantan the right to fell and extract timber for 400 hectares (approximately 1,000 acres) of land comprising of Compartments 22, 31, 32 and 33 within Hutan Simpanan Kekal Relai, Mukim Relai, Daerah Chiku, Jajahan Gua Musang, Kelantan Timur (hereinafter referred to as "the said Land"), and subsequent to the extraction of timber to grant TPSB the right to use the said Land for the purpose of cultivation of a variety of rubber trees referred to as Timber Latex Clone ("TLC") in the SPA thereon. The net liabilities of TPSB is RM4,897.00 based on its audited financial Statement for the period from 5th October 2009 (Date of Incorporation) to 31 January 2011.

4. Details of the Proposed Acquisition

4.1 The Vendors agree to sell and GREENYIELD agrees to purchase the entire issued and paid-up share capital of ten thousand (10,000) units of ordinary shares of RM1.00 each which have been paid up or credited as fully paid in TPSB free from all lien and other encumbrances and with all rights (inclusive of the TPSB's permit to use over the said Land for the purpose of cultivation of TLC but excluding the right to felling and extraction of timber from the said Land) attached thereto for a cash consideration of RM2,800,000 upon the terms and subject to the conditions contained in the SPA.

4.2 Salient Terms of the SPA

It is agreed by GREENYIELD and/or the Vendors that the purchase herein is expressly conditional upon the happening of the following events:-

4.2.1. The execution of a joint-venture agreement between the State Government and TPSB whereby the State Government grants to the TPSB the right of use over the said Land for 50 years for the cultivation of TLC. The execution of the said joint-venture agreement shall be completed within 3 (three) months from the date of the SPA or any extended date as GREENYIELD and the Vendors may agree.

4.2.2. The Vendors shall obtain from the Department of Environment ("hereinafter referred to as "DOE") the approval of Environmental Impact Assessment Report (hereinafter referred to as "EIA Report") for the said Land within 6 (six) months from the date of the SPA or any extended date as GREENYIELD and the Vendors may agree.

- 4.3 In the event that all the conditions specified in Sub-clauses 4.2.1 and 4.2.2 above are not fulfilled within the time period as provided therein, GREENYIELD shall be at liberty by notice in writing to terminate this SPA hereof.
- 4.4 Upon the termination of the SPA hereof in accordance with Clause 4.3 above, all money paid by GREENYIELD to account of the purchase price and the Security Deposit paid shall be refunded by the Vendors free of interest whereupon the SPA shall be deemed null and void and of no further effect and neither party hereto shall have any right or claim whatsoever against the other.
- 4.5 After the fulfilment of all the conditions specified in Clause 4.2.1. and 4.2.2 above, the SPA shall become unconditional.
- 4.6 Consideration

The Purchase Price shall be paid in the following manner:-

- 4.6.1 GREENYIELD has paid Ringgit Malaysia Fifty Six Thousand only (RM56,000-00) (2% of the Purchase Price) to the Vendors.
- 4.6.2 Upon the execution of the SPA, GREENYIELD shall pay to the Vendors the sum of Ringgit Malaysia Seven Hundred Thousand only (RM700,000-00) (25% of the Purchase Price) as part payment to account of the Purchase Price; and
- 4.6.3 Subject to the delivery of the first 250 acres (25%) of the said Land by the Vendors to GREENYIELD, the balance of the Purchase Price, namely the sum of Ringgit Malaysia Two Million Forty Four Thousand only (RM2,044,000-00) shall be paid by GREENYIELD to the Vendors by 3 (three) instalments as follows:
- (a) upon the delivery of 50% of the said Land to GREENYIELD, GREENYIELD shall pay to the Vendors the sum of Ringgit Malaysia Six Hundred Eighty Two Thousand Only (RM682,000.00);
 - (b) upon the delivery of 75% of the said Land to GREENYIELD, GREENYIELD shall pay to the Vendors the sum of Ringgit Malaysia Six Hundred Eighty Two Thousand Only (RM682,000.00); and

- (c) upon the delivery of 100% of the said Land to GREENYIELD, GREENYIELD shall pay to the vendor the sum of Ringgit Malaysia Six Hundred Eighty Thousand Only (RM680,000.00).

4.7 Basis of Arriving of the Purchase Price

The purchase price is arrived at based on arms-length negotiation after taking into consideration the right to use the Land for cultivation of TLC for 50 years.

4.8 Source of Fund

The purchase price was internally funded.

4.9 Liabilities to be Assumed

There will be no liabilities, including contingent liability or guarantee, to be assumed arising from the Proposed Acquisition .

5. Rationale for the Proposed Acquisition

GREENYIELD is presently intensifying its efforts to diversify its income base and therefore has identified rubber plantation development as an venture to realise this objective. In keeping with this objective it has acquired TPSB with the right to use the land located at Hutan Simpanan Kekal Relai, Mukim Relai, Daerah Chiku, Jajahan Gua Musang, Kelantan Timur for planting of latex timber clones as part of Re-forestation of logged over areas.

GREENYIELD on acquisition of TPSB intend to use its proven expertise in this field successfully to develop a rubber plantation on the said land planting of fast growing high yield latex timber clone.

6. Risk Factors

If TPSB fails to execute the joint-venture agreement with the State Government which grants TPSB the right of use over the said Land for 50 years for the cultivation a rubber plantation of TLC, the condition precedent cannot be fulfilled. Thus leading to the termination of the SPA.

7. Prospects

GREENYIELD intends to explore the possibility to increase its profitability through the Proposed Acquisition in view of the expected increase in global demand for natural rubber.

8. Effects of the Proposed Acquisition

8.1 Share Capital and Substantial Shareholders' shareholding

The Proposed Acquisition does not have any effect on the issued and paid-up share capital and substantial shareholding structure of GREENYIELD.

8.2 Earnings per share

The Proposed Acquisition will not have any material effect on the earnings of GREENYIELD for the financial year ending 31 July 2012. The Proposed Acquisition, however, is expected to contribute positively to the earning of GREENYIELD in future financial years.

8.3 Net Assets and Gearing

The Proposed Acquisition will not have any material effect on the net assets per share and gearing of GREENYIELD for the financial year ending 31 July 2012.

9. Percentage Ratios

The highest percentage ratio applicable to the Proposed Acquisition is 6.02% pursuant to paragraph 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

10. Directors' And Major Shareholders' Interests

None of the Directors and Major Shareholders of GREENYIELD and/or persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.

11. Directors' Statement

After having taken into consideration the rationale of the Proposed Acquisition, the Board is of the opinion that the Proposed Acquisition is in the best interests of GREENYIELD.

12. Approvals Required

The Proposed Acquisition is not subject to approvals of the shareholders of GREENYIELD or any government authority.

13. Estimated timeframe for completion

The proposal expected to complete within one year from the signing of SPA.

14. Documents For Inspection

The SPA is available for inspection at the registered office of GREENYIELD at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a duration of three (3) months from the date of this announcement.