

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

JOINT VENTURE AGREEMENT BETWEEN TIGANTARA PLANTATIONS SDN BHD AND KELANTAN STATE GOVERNMENT

1. Introduction

Reference is made to the announcement dated 2 December 2011 in relation to the Shares Sale and Purchase Agreement entered into between GREENYIELD, Chang Farn Kheang and Yoo Yoon Cheong for the acquisition of Ten Thousand (10,000) 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”).

The Board of Directors of GREENYIELD wishes to announce that TPSB, a wholly owned subsidiary of GREENYIELD had on 3 April 2012 entered into a Joint Venture Agreement (“JV Agreement”) with Kelantan State Government to set out the terms, conditions and provisions pursuant 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 (“Project Area”) for a period of Fifty (50) years (“Land Use Right”).

2. Salient Terms of the Joint Venture Agreement

The salient terms and conditions of the JV Agreement are as follows:-

2.1 It is agreed by TPSB and the Kelantan State Government that upon signing of the JV Agreement, TPSB is required to begin the clearance of the Project Area for the planting and development works which is required to be completed within six (6) months from the approval granted by the relevant authorities and/ or any other period as set out by the Forestry Department of Kelantan once the following conditions precedent have been met and adhered by TPSB:-

2.1.1 TPSB shall prepare and submit a Forest Plantation Management Plan to the Forestry Department of Kelantan for approval.

2.1.2 TPSB shall prepare and furnish the Forest Plantation Management Plan to the Kelantan State Government through the Forestry Department of Kelantan immediately upon the completion of extraction of timber residues from the Project Area.

- 2.1.3 TPSB shall measure and determine the border for each of the Project Area.
- 2.1.4 TPSB shall prepare an Environmental Impact Assessment Report (“EIA Report”) for the proposed cultivation of Timber Latex Clone Project (“TLC”) (“the Project”) to be approved by the Department of Environmental. Upon receipt of the approved EIA Report, TPSB shall submit the same to the Forestry Department of Kelantan.
- 2.1.5 TPSB shall prepare and submit an Economic Feasibility Study in relation to the proposed TLC to the Kelantan State Government through Forestry Department of Kelantan as proof of viability of the Project.
- 2.2 TPSB shall pay a premium payment of RM3,000.00 per hectare to Kelantan State Government upon the release of the timber residues.
- 2.3 TPSB shall pay a deposit to the Kelantan State Government a sum of RM300,000.00 or RM2,000.00 per hectare, whichever is higher, in form of draft or bank guarantee in the name of the Director of Forestry Department of Kelantan for every block plant (400 hectare per block) undertaken in the Project as a security of the deposit.
- The deposit is transferable (not subject to interest charged) as a security for the subsequent block upon the successful planting of the first block. Kelantan State Government shall refund the deposit upon successful completion of planting in the Project Area.
- 2.4 The profit sharing arrangement in respect of the Land Use Right granted by Kelantan State Government is as follow:-

Names of Parties	
TPSB	80% of the net profit generated from the sales of latex.
Kelantan State Government	20% of the net profit generated from the sales of latex.

3. Financial Effect

3.1 Capital and Substantial Shareholders’ shareholding

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

3.2 Earnings per share

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

3.3 Net Assets and Gearing

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

4. Directors' Recommendation

The directors of GREENYIELD are of the opinion that the terms of the Joint Venture are fair and reasonable and that the Joint Venture is in the best interest of the Company.

5. Directors' and Major Shareholders' Interest

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

6. Approvals

The Joint Venture is not subject to the approval of the shareholders of GREENYIELD and/ or any regulatory authorities.

7. Documents for Inspection

The Joint Venture Agreement 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.