



## ASX Announcement

**7 March 2014**

### ***Proposed Joint Venture in China***

The Company is pleased to announce that it has entered into a binding Memorandum of Agreement (MOA) with the China Investor Group (CIG) whose representatives are Mr Li Peng and Mr Guan Muye – refer the ASX Release 4 March 2014.

The primary objective of the MOA is to establish a banana fibre processing plant and a banana fibre product manufacturing factory in Hainan, China. Hainan is an island Province of China where there are significant banana plantations.

The products intended to be produced in the banana fibre processing plant are veneer and fibre, and the products to be manufactured in the banana fibre product manufacturing factory are fibre panels such as chipboard, particleboard and MDF panels, all for use in the furniture making and building construction industries. CIG has committed to a five stage program designed to achieve a successful business model in China to meet the demands in China for decorative veneer and fibre board.

Initially CIG are required to establish a corporate entity (CE) in which PPY will have a 20% equity, and CIG will capitalize CE to a minimum of RMB20M for capital and opex requirements. There is no financial obligation on PPY to contribute any capital. CIG is also required to secure land and buildings for the factory and all Chinese Government licenses. In consultation with PPY, CIG or CE is required to undertake extensive project development, in order to develop a business plan in agreement with PPY. The accepted business plan will then be adopted by CE.

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CIG is obliged to purchase at least one patented Papyrus banana veneering unit (BVU) and one patented Papyrus banana fibre production unit (FPU) together with other necessary proprietary fibre panel (eg MDF) production machinery to establish the first factory. The MOA requires CIG to pay a 50% deposit for the patented Papyrus machinery by 31 July 2014.

In consideration PPY will grant CE a licence to use and exploit the patented Papyrus technologies to produce the products for sale in China.

*ENDS*