

## **TITIJAYA LAND BERHAD ("TITIJAYA" OR "THE COMPANY")**

### **JOINT VENTURE AGREEMENT BETWEEN TAMARIND HEIGHTS SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF TITIJAYA WITH GOLDEN VOGUE SDN. BHD., MOHD HAZMIL BIN MOHD KASSIM AND LIM SOO HUEN**

#### **1. INTRODUCTION**

The Board of Directors of Titijaya wishes to announce that Tamarind Heights Sdn. Bhd. (Company No. 1173659-X) ("**THSB**"), a wholly-owned subsidiary of Titijaya, had on 15 November 2017, entered into a Joint Venture Agreement ("**JVA**") with Golden Vogue Sdn. Bhd. (Company No. 1155666-U) ("**GVS**"), Mohd Hazmil Bin Mohd Kassim and Lim Soo Huen, for the purpose of commercially developing the lands held under Geran No. 31814, Lot No. 1317, Seksyen 41, Geran No. 37101, Lot No. 1835, Seksyen 41, and Geran No. 39991, Lot No. 1316, Seksyen 41 having a total aggregate land area of approximately 2.91 acres and situated at No. 237 - 239, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur ("**Lands**"), upon the terms and subject to the conditions therein contained in the JVA.

Under the JVA, both THSB and GVS have agreed to jointly develop the Lands, in accordance with the terms and conditions as stipulated in JVA ("**Joint Venture**" or "**Project**"). Salient terms of the JVA are as set out in Section 2 of this Announcement.

Details of the background information on THSB and GVS are set out in Sections 13 and 14 of this Announcement.

#### **2. INFORMATION AND SALIENT TERMS OF THE JVA BETWEEN THSB AND GVS**

GVS is the landowner of the Lands and had on 3 December 2015 entered into a JVA ("**First JVA**") with Dreamvista Development Sdn. Bhd. (Company No. 1162348-M) ("**DVS**") and subsequently, DVS had entered into an unincorporated JVA dated 18 February 2016 ("**Unincorporated JVA**") with THSB to jointly develop the said Lands.

Concurrent with the signing of the JVA, THSB, GVS and DVS had on 15 November 2017, entered into the following agreements:-

- (i) GVS and DVS had by way of Deed of Termination dated 15 November 2017 terminated and rescinded the First JVA.
- (ii) THSB and DVS had by way of Deed of Termination dated 15 November 2017 terminated and rescinded the Unincorporated JVA.

Mohd Hazmil Bin Mohd Kassim and Lim Soo Huen, being the directors of GVS, have agreed to guarantee the performance of the obligations of GVS under the JVA and to enter into certain other obligations with the parties hereto.

(Mohd Hazmil Bin Mohd Kassim and Lim Soo Huen are referred to as "**Guarantors**" hereinafter in this Announcement).

##### **2.1 SALIENT TERMS OF THE JVA**

The salient terms of the JVA include, *inter alia* the following:-

### 2.1.1 Consideration

In consideration of GVSB agreeing to grant the right to THSB to develop the Lands to comprise of the Project, THSB agrees to pay to GVSB 20% of the gross development of the Project (including land cost) ("**JV Return**"). The JV Return may be paid by THSB to GVSB progressively based on the progress of the development of the Project or in advance(s) as may be mutually agreed between the parties or in kind.

### 2.1.2 Specific Undertaking

In further consideration of THSB agreeing to entering into the JVA based on the terms and conditions appearing therein, GVSB hereby agrees that it shall be liable to repay to THSB and any all advances made by THSB to DVSB under and pursuant to the Unincorporated JVA which GVSB is with specific notice and knowledge.

### 2.1.3 Guarantee

- (i) The Guarantors hereby jointly and severally guarantee to THSB that due and punctual performance of GVSB of all its obligations contained in the JVA and undertake to hold THSB fully and completely indemnified on demand against any losses, damages, or liability occasioned or suffered by any failure of GVSB perform its obligations.
- (ii) The liability of the Guarantors hereunder shall be primary obligors and not merely as sureties and shall not be affected impaired or discharged by reasons of acts omissions matter or thing which but for this provision might operate to release or otherwise exonerate the Guarantors from their obligations including without limitation any time or other indulgence granted by THSB to GVSB or any variation of the terms of the JVA.
- (iii) The Guarantors further hereby agree and undertake, in consideration of the foregoing, that at the request of THSB, the Guarantors will procure GVSB to issue and allot to THSB and/or its nominee the number of ordinary shares of not less than 51% of the paid-up share capital.

## **3. CONSIDERATION FOR THE JVA**

The consideration for the JVA was arrived at upon mutual agreement between GVSB and THSB, after taking into account, the rationale and prospects of the Joint Venture as set out in Section 4 of this Announcement.

## **4. RATIONALE AND PROSPECTS OF THE JOINT VENTURE**

The Joint Venture is in line with the ordinary course of business of Titijaya Group which are construction and property development.

Given the strategic location of the Lands in Kuala Lumpur City Centre with high development value, the Group is confident that the Joint Venture would further enhance the future revenue stream of the Group and contribute positively to the Group's financial performance.

## **5. KEY RISK FACTORS**

The Joint Venture is subject to the terms and conditions of the JVA. There is no assurance that the Joint Venture will not be exposed to risks such as inability to fulfil the terms and conditions and/or obtain approvals from any authorities, if any.

The Project may be subject to normal operational risks inherent in the property development industry. The Group will take necessary steps to mitigate the risks as and when arises.

## **6. EFFECT OF THE JOINT VENTURE**

### **6.1 Issued share capital**

The Joint Venture will have no effect on the issued share capital of the Company as it does not involve any issuance of new shares of Titijaya.

### **6.2 Net Assets ("NA") and gearing**

The Joint Venture is not expected to have any material impact on the NA and gearing of the Group for the financial year ending 30 June 2018 as the total cost will be funded via internally generated funds.

### **6.3 Earnings and earnings per share ("EPS")**

The Joint Venture is not expected to have a material impact on the consolidated earnings and EPS of Titijaya for the financial year ending 30 June 2018.

Nevertheless, barring any unforeseen circumstances, the Joint Venture is expected to contribute positively to the future earnings of Titijaya as and when the Project comes on-stream.

### **6.4 Substantial shareholder's shareholdings**

The Joint Venture will not have any effect on the substantial shareholders' shareholdings as it does not involve any issuance of new shares of Titijaya.

## **7. LIABILITIES TO BE ASSUMED**

Save for the consideration and working capital requirements for the implementation and completion of the JVA, Titijaya and THSB do not expect to extend any additional significant financial commitment in connection with the Joint Venture.

## **8. APPROVAL REQUIRED**

The Joint Venture is not subject to the approval of the Company's shareholders or any relevant government authorities.

## **9. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Joint Venture pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 10%.

**10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

None of the Directors and/or Substantial Shareholders of Titijaya or persons connected to them has any interest, direct or indirect, in the Joint Venture.

**11. BOARD OF DIRECTORS' STATEMENT**

The Board of Directors of Titijaya, after careful deliberation and having considered all aspects of the Joint Venture, including but not limited, the salient terms of the JVA and the rationale of the Joint Venture, is of the opinion that the Joint Venture is in the best interest of the Company.

**12. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Joint Venture is expected to be completed by year 2022.

**13. BACKGROUND INFORMATION ON THSB**

THSB was incorporated in Malaysia on 22 January 2016 as a private limited company. THSB has an issued share capital of RM2.00 divided into 2 ordinary shares.

THSB is principally carrying on the business of property development.

**14. BACKGROUND INFORMATION ON GVSBS**

GVSBS was incorporated in Malaysia on 17 August 2015 as a private limited company. GVSBS has an issued share capital of RM2.00 divided into 2 ordinary shares.

GVSBS has not commenced any business since the corporation date.

As at the date of this Announcement, the shareholders of GVSBS are Lim Soo Huen and Chang Peng Koo, holding equal proportion of equity interest of 1 ordinary share in GVSBS. The directors of GVSBS are Mohd Hazmil Bin Mohd Kassim and Lim Soo Huen.

**15. DOCUMENT FOR INSPECTION**

The JVA is available for inspection at the Registered Office of the Company at Level 7, Menara Millenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Mondays to Fridays for a period of three (3) months from the date of this Announcement.

This announcement is dated 17 November 2017.