

TITIJAYA LAND BERHAD ("TITIJAYA" OR "COMPANY")

SHARES SUBSCRIPTION AGREEMENT BETWEEN TULUS LAGENDA SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF TITIJAYA WITH BJ PROPERTIES SDN. BHD.

1. INTRODUCTION

The Board of Directors of Titijaya wishes to announce that Tulus Lagenda Sdn. Bhd. (Company No. 1040584-D) ("**TLSB**"), a wholly-owned subsidiary of Titijaya, has on 28 March 2018, entered into a Shares Subscription Agreement ("**SSA**") with BJ Properties Sdn. Bhd. ("**BJPSB**"), for the purpose to subscribe up to 9,900,000 new ordinary shares in BJPSB ("**Subscription Shares**"), representing 99% of the enlarged issued share capital of BJPSB at a subscription price of up to RM9,900,000 ("**Subscription Price**"), subject to and upon the terms and conditions of the SSA ("**Proposed Subscription**").

Upon completion of the Proposed Subscription, BJPSB will become an indirect 99%-owned subsidiary of Titijaya.

2. BACKGROUND INFORMATION ON TLSB

TLSB was incorporated in Malaysia on 1 April 2013 as a private limited company. TLSB has an issued share capital of RM1,000,000.00 comprising 1,000,000 ordinary shares. The Directors of TLSB are Tan Sri Dato' Lim Soon Peng and Lim Poh Yit.

TLSB is principally carrying on the business of property development.

3. INFORMATION ON BJPSB

BJPSB was incorporated in Malaysia on 3 August 2010 as a private limited company and has an issued share capital of RM100,000.00 comprising 100,000 ordinary shares. The nature of business of BJPSB is investment in property.

As at the date of this announcement, the Directors of BJPSB are Mohamad Hassan bin Birikok, Lamaliu bin Lasaidi and Jagjit Singh A/L Bant Singh. The existing shareholders of BJPSB are Lim Soo Huen ("**Shareholder A**") and Lim Soo Seong ("**Shareholder B**") with their respective shareholdings of 70% (70,000 ordinary shares) and 30% (30,000 ordinary shares) in BJPSB.

Based on the audited financial statements for the financial year ended 31 August 2017, BJPSB recorded a loss after taxation of RM1,059,526.00 and negative shareholder's fund of RM3,069,306.00.

BJPSB is the registered owner of a land held under Pajakan Negeri 51541 Lot 11979, Mukim Ampang, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL ("**Land**").

The details of the Land are as follow:-

Title no.	:	Pajakan Negeri 51541 Lot 11979
State	:	Negeri Wilayah Persekutuan KL
Locality	:	Mukim Ampang

Land area	:	27,550 sq meters
Tenure	:	Leasehold
Category of land use	:	Residential
Express condition	:	Nil
Restriction in interest	:	Nil
Encumbrances	:	Charged to RHB Bank Berhad
Book value	:	RM 103,672,800.00

4. BASIS OF ARRIVING AT THE SUBSCRIPTION PRICE

The Subscription Price was arrived at on a willing buyer willing seller basis after taking into consideration the accessibility of the Land and the adjacent land held by Titijaya Group and the development potential of the Land, apart from the rationale and prospects of the Land as set out in Section 7 of this Announcement.

5. SALIENT TERMS OF THE SSA

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

5.1 Agreed shareholding proportionate ratio in BJPSB

Titijaya will hold up to 99% of the total issued share capital and Shareholder A and Shareholder B will each hold not less than 0.5% of the total issued share capital.

5.2 Agreed directors' ratio in BJPSB

All the directors of BJPSB shall be nominated by Titijaya where Shareholder A and Shareholder B waive their right of representation in the board of directors of BJPSB.

5.3 Conditions precedent

If the rights and obligations of the parties pursuant to this SSA are not fulfilled and this SSA shall be terminated and ceased to be of effect and, subject to the terms of this SSA, no party shall claim against the other, unless that claim is in respect of any breach of this SSA occurring prior to the termination.

If the SSA is terminated, Shareholder B shall agree to transfer the B ordinary shares to Shareholder A or its nominees at the nominal consideration at the value of each share of BJPSB as determined by the auditor for the time being of BJPSB.

5.4 Completion

Completion shall take place at the business office of Shareholder A on the date of completion of this SSA, which shall be the date upon TLSB is vested with their respective agreed shareholding as provided in this SSA to BJPSB.

6. SOURCE OF FUNDING

The Subscription Price shall be satisfied via internally generated funds and/or bank borrowings.

7. RATIONALE AND PROSPECTS OF THE LAND

The Proposed Subscription is in line with the growth strategy of Titijaya Group in expanding its land bank and investing in strategic property development projects in Klang Valley in order to sustain its business as a property developer.

The Land is expected to be used as mixed development with residential focus complemented by some commercial elements. The total gross development value is estimated to be RM1.5 billion.

8. RISK FACTOR

The risks associated with the Proposed Subscription are mainly those relating to the business environment that Titijaya operates in and the overall property industry which are otherwise faced by all businesses of similar nature. These risks include rising material and labour costs, potential labour shortage, rising financing costs, competition, changes in government regulations and changes in social, political and economic conditions in Malaysia, which are not within the direct control of the management of Titijaya.

9. EFFECT OF THE PROPOSED SUBSCRIPTION

9.1 Issued share capital

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

9.2 Earnings

The Proposed Subscription is expected to contribute positively to the earnings of Titijaya in the future when the development of the Land commences.

9.3 Net Assets

The Proposed Subscription is not expected to have any material impact on the net assets per share of Titijaya for the financial year ending 30 June 2018.

Enhancement to the net assets is expected in the future as a result of the future potential profit contribution from the development of the Land.

9.4 Gearing

As disclosed in Section 6 above, Titijaya intends to fund the Proposed Subscription through internally generated funds and/or bank borrowings which have not been finalised. Hence, the effect of the Proposed Subscription on the gearing of Titijaya is expected to be immaterial.

9.5 Substantial shareholder's shareholdings

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

10. LIABILITIES TO BE ASSUMED

Save for the consideration and working capital requirements for the development of the Land, Titijaya and TLSB do not expect to extend any additional significant financial commitment in connection with the Proposed Subscription.

11. APPROVALS REQUIRED

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

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Subscription pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 1%, based on the latest audited consolidated financial statements of Titijaya for the financial year ended 30 June 2017.

13. 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 Proposed Subscription.

14. BOARD OF DIRECTORS' STATEMENT

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

15. DOCUMENT FOR INSPECTION

The SSA 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 28 March 2018.