

**TITIJAYA LAND BERHAD (“TITIJAYA” OR “COMPANY”) -
RECLAMATION AND DEVELOPMENT AGREEMENT BETWEEN THE PENANG DEVELOPMENT
CORPORATION AND CITY MERIDIAN DEVELOPMENT SDN. BHD., A WHOLLY-OWNED
SUBSIDIARY OF TITIJAYA**

1. INTRODUCTION

The Board of Titijaya wishes to inform that City Meridian Development Sdn. Bhd., (“**CMD**” or “**Developer**”) a wholly-owned subsidiary of the Company had on 31 July 2023 signed a Reclamation and Development Agreement (“**RDA**” or “**Agreement**”) with Penang Development Corporation (“**PDC**”) for the reclamation and development of a site located in front of Lot 12174 Mukim 12 Daerah Barat Daya Penang measuring approximately 20.80 acres (“**Approved Reclamation Area**” or “**Proposal**”).

(CMD and PDC are collectively referred to as the “**Parties**”)

2 INFORMATION ON CMD

CMD is a private company incorporated under the laws of Malaysia having its registered office at Suite 18.05, MWE Plaza, 8 Lebuhr Farquhar, George Town, 10200 Penang and a place of business at N-16-01, Penthouse, Level 16, First Subang, Jalan SS15/4G, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal activity of CMD is property development.

CMD has an issued share capital of RM250,000/- comprising 250,000 ordinary shares and Titijaya is the sole shareholder of CMD.

3. INFORMATION ON PDC

PDC is a body corporate incorporated under the Penang Development Corporation Enactment, 1971 and having its office at Bangunan Tun Dr. Lim Chong Eu, No. 1, Persiaran Mahsuri, Bandar Bayan Baru, 11909 Bayan Lepas, Penang.

PDC is the development arm of the State Government of Penang entrusted with the duty to promote the development of industrial, commercial, trading and residential areas and/or projects in the State of Penang.

4. INFORMATION ON THE PROPOSAL

PDC is the development arm of the State Government of Penang entrusted, inter alia, with the duty to promote the development of industrial, commercial, trading and residential areas and/or projects in the State of Penang. PDC has been assigned by the State Government of Penang to facilitate as intermediary between the State Government of Penang and the Developer on matters concerning the reclamation of the Site for the purposes of developing the same into an area which would generate social, economic and other related benefits to the State of Penang.

In pursuance thereto and by the Letter of Offer and Confirmation, PDC has confirmed the acceptance by the State Government of Penang of the Developer’s proposal to reclaim the Site for the purposes of development. The Developer accepts agrees to and concurs with the State Government of Penang for assigning PDC to facilitate as intermediary between the State Government of Penang and the Developer on matters concerning in the reclamation of the Site for the purposes of development, and the parties hereto agree to enter into this Agreement on the terms and conditions herein appearing.

5. SALIENT TERMS OF THE RDA

5.1 Agreement

The Parties hereby enter into the Agreement for the Developer to undertake and complete the reclamation of the Approved Reclamation Area for the purpose of development, at the consideration to be made by the Developer to PDC, upon and subject to the terms and conditions of the Agreement.

Pursuant to the above and by the letter of offer and confirmation from PDC to the Developer, PDC has confirmed the acceptance by the State Government of Penang of the Developer's proposal to reclaim the Site for the purposes of development.

5.2 The Consideration

Consideration shall consist of Consideration In Kind being PDC's Net Developable Land consisting of fifty five percent (55%) of the Net Developable Land measuring 8.551 acres of which a minimum fifty percent (50%) of PDC's Net Developable Land shall be sea-fronting ("**PDC's Net Developable Land**").

The Developer shall complete the reclamation work and deliver to PDC with vacant possession of PDC's Net Developable Land in accordance with the terms and conditions of the RDA within thirty-six (36) months from the Commencement of Work Order ("**COW**") for the reclamation.

5.3 Reclamation Conditions

The Developer shall submit a master plan setting out in detail its reclamation plan of the Approved Reclamation Area to PDC for PDC's approval before submitting it to the relevant authorities for approval.

5.4 Reclamation Approvals Period

All approvals consents permissions licences authorisation or agreements of the relevant authorities including the COW to commence the reclamation work on the Approved Reclamation Area ("**Reclamation Approvals**") shall be obtained by the Developer within a period of not more than eighteen (18) months from the date of the Agreement.

5.5 Time for commencement and completion of reclamation work

The Developer shall commence the reclamation work within twelve (12) months from the date of the COW for the reclamation and complete it within thirty six (36) months of the COW for the reclamation subject to the terms and conditions of the RDA and provided that the Developer shall commence and complete the reclamation of 2.992 acres of the Approved Reclamation Area forming part of PDC's Net Developable Land as the first phase of the reclamation.

5.6 Estimated Reclamation Cost

The estimated reclamation cost for the Approved Reclamation Area is RM72,483,840/- only.

5.7 Development Conditions

The Developer may formulate its plans of development on the Balance Net Developable Land, and designing or planning the development, the Developer is encouraged to generate a good social return to the State of Penang and PDC including creating value from the Development from the social, economic and environmental aspects, and to contribute in making Penang a destination of choice.

5.8 Development Approvals

The Developer shall do all acts and things necessary to obtain all approvals consents permissions licences authorisation or agreements of the relevant authorities including the COW to commence the construction work on the Balance Net Developable Land.

5.9 Special Condition

The title(s) to be alienated shall be a 99-year (or any tenure approved by the relevant authorities) leasehold title subject to all conditions of title, restrictions in interest and category of land use as briefly illustrated below:-

(i)	Category of land use	:	Building
(ii)	Express conditions	:	The land shall be used for commercial developments or for such use as proposed by the Developer at the time of application for the title/titles.
(iii)	Restriction-in-interest	:	The land hereby alienated shall not be subdivided, transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written consent of the State Authority.

the Title(s) may be subject to all and any conditions, category of use and restrictions imposed by the Relevant Authorities and/or implied by the National Land Code (Revised – 2020), in addition or in supplement to or in lieu of the aforesaid.

6. RATIONALE

The rationale and benefit for the reclamation proposal are to create additional usable and valuable land at Penang Island and simultaneously to enhance the development concept as a logistic & commercial hub to the immediate adjoining Lot 12174 known as “Bayan Lepas WaterFront” Development. The combination of the existing 20.14 acres and the additional 20.8 acres reclaimed land will make the Bayan Lepas WaterFront to be a sizeable logistic & commercial hub and a preferred destination in Penang Island.

It is envisioned to be an important part of the greater effort for Penang State in attracting and supporting more high-value investments with its strategic proximity to nearby amenities, expressway, airport & Free Industrial Zone and as a catalyst to stimulate the next level of economic development in Penang State.

7. RISK FACTORS

The Company has identified the risks including but not limited to the following:-

(a) Non-completion risk

Completion of the Proposal is subject to among others, the attainment of all relevant approvals as set out in the RDA. Nevertheless, the Board will take all reasonable steps to ensure that all the requirements are met within the stipulated timeframe and that every effort is taken to obtain the necessary approvals to complete the Proposal in a timely manner.

(b) Business risk

The Proposal is subject to risks inherent in the property development industry of which the Company and its subsidiaries (“**Group**”) are already involved in. Such risks may include, adverse changes in real estate market prices, changes in demand for types of commercial properties, competition, changes in economic, social and political conditions, delay in completion of projects against the scheduled completion, performance of third-party sub-contractors, labour and material supply shortages, fluctuations in the prices of building materials and costs of labour charges, increase in taxes and other statutory charges. Any adverse change in such conditions may have an adverse material effect on the Group.

(c) Funding risk

The source of funding will be through internally generated funds and/or bank borrowings. However, as the document of title for the Approved Reclamation Area has yet to be issued, the facilities may have to be secured by a third-party charge.

Although the Company seeks to limit these risks by taking more stringent internal controls over the business operations of the Group, no assurance can be given that any changes in these factors will not have any adverse impact on the business, prospects and/or future financial performance of the Group. Notwithstanding this, the Board believes and has confidence that these risks are largely mitigated by the Group’s extensive experience and expertise acquired over the years with proven track records, in addition to its familiarity with the property development industry and appropriate measures to be undertaken by the Group in planning and developing the Approved Reclamation Area.

8. LIABILITY TO BE ASSUMED

There are no other liabilities, including contingent liabilities and guarantees, to be assumed by the Company.

9. EFFECTS OF THE RDA

9.1 Share capital and substantial shareholders’ shareholdings

The RDA will not have any effect on the issued share capital and substantial shareholders’ shareholdings as the RDA does not involve the issuance of new shares in Titijaya.

9.2 Net assets per share, Gearing and Earnings per share

The RDA is not expected to have any material effect on the net assets per share earnings, gearing and earnings per share of the Group for the financial year ending 30 June 2024.

10. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

None of the Directors and/or major shareholders of Titijaya and/or persons connected to them has any interest, direct or indirect, in the RDA.

11. APPROVALS REQUIRED

The RDA is not subject to the approval of the shareholders of Titijaya.

12. DIRECTORS' STATEMENT

After having considered all aspects of the RDA, the Board of Directors of Titijaya is of the opinion that the RDA is fair, reasonable and in the best interest of the Group.

13. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the RDA pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad computed based on the latest audited consolidated financial statements of Titijaya for the financial year ended 30 June 2022 is six percent (6%).

14. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the RDA is available for inspection at the registered office of Titijaya at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 31 July 2023.

1. **DEFINITIONS**

In the Agreement, unless the context otherwise requires, the following words and expressions bear the meanings respectively set opposite them:

- “Balance Net Developable Land”** : the balance of the Net Developable Land after deducting PDC’s Net Developable Land.
- “Net Developable Land”** : the net area of the Reclaimed Land of approximately 15.56 acres after taking into account such part thereof required to be set aside by the relevant authorities in the event of development of the Reclaimed Land under and pursuant to the Town And Country Planning Act 1976 and/or all and any other applicable laws, by-laws, rules, directives, orders and/or regulations including (without limitation) of approximately 5.24 acres for the purposes of:
(a) promenade; and
(b) infrastructures.
- “Reclaimed Land”** : the gross area of approximately 20.80 acres of the reclaimed Approved Reclamation Area after completion of reclamation thereof.