

TITIJAYA LAND BERHAD (“Titijaya” or “Company”)
- SIGNING OF FRAMEWORK AGREEMENT WITH CREC DEVELOPMENT (M) SDN. BHD.

1. INTRODUCTION

The Board of Directors of Titijaya wishes to announce that the Company has on 27 February 2017, entered into a Framework Agreement with CREC Development (M) Sdn. Bhd. (Company No. 1206194-U) (“**CRECD**”) (“**Framework Agreement**”) to record the provisional intention of Titijaya and CRECD with respect of the Engineering Procurement Construction and Commission Agreement, the participation in business opportunity with Laksana Wawasan Sdn Bhd, and the joint marketing collaboration with respect to project known as The Shore, Kota Kinabalu, Sabah (“**The Shore**”) on a leasehold land held under title TL017526475 (Kota Kinabalu, District of Kota Kinabalu) (“**Land**”) (“**The Shore Project**”).

2. BACKGROUND INFORMATION

2.1 CRECD

CRECD was incorporated in Malaysia on 21 October 2016 as a private limited company and has an issued and paid-up share capital of 400,000 ordinary shares equivalent to RM400,000.

CRECD is a wholly owned subsidiary of China Railway Engineering Corporation (M) Sdn Bhd (Company No. 554439-D), which is a wholly owned subsidiary of China Railway Group Limited (Stock Quote 390:HK).

The principal activities of CRECD are property development and construction of buildings.

2.2 Blu Waterfront Development Sdn. Bhd.

Blu Waterfront Development Sdn. Bhd. (Company No. 820786-P) (“**BWDSB**”) was incorporated in Malaysia on 9 June 2008 as a private limited company and has an issued and paid-up share capital of 1,700,000.00 ordinary shares equivalent to RM1,700,000.

The principal business of BWDSB is property development.

In reference to the earlier announcement (Ref. No. GA1-27022017-00104) made by Titijaya on 27 February 2017, BWDSB shall become an indirect wholly-owned subsidiary of Titijaya upon the completion of the Proposed Acquisition (*Note: Unless otherwise stated, the definition of Proposed Acquisition shall have the same meaning as set out in the earlier announcement dated 27 February 2017*).

BWDSB is the registered owner of the Land and the developer of The Shore Project, details of which as set out below:

Title no.	: Town Lease 017526475
District	: Kota Kinabalu
Locality	: Kota Kinabalu
Land area	: 79,350 sq. ft. (1.821 acres), more or less
Tenure	: Leasehold – 99 year Commencing - 1 January 1973

	Expiring – 31 December 2071
Registered owner	: BWDSB
Valuation method	: Market Value
Current market value	: RM80,000,000

2.3 Laksana Wawasan Sdn. Bhd.

Laksana Wawasan Sdn. Bhd. (Company No. 1185173-A) ("**LWSB**") was incorporated in Malaysia on 26 April 2016 as a private limited company and has an issued and paid-up share capital of 2 ordinary shares equivalent to RM2.

LWSB is involved in the business of investment and the proposed beneficial owner of the hotel in relation to The Shore Project.

BWDSB is the immediate holding company of LWSB.

3. RATIONALE FOR THE SIGNING OF FRAMEWORK AGREEMENT

CRECD is one of the world's largest construction companies, with a history of more than 100 years. The company is ranked 57th among Fortune World Top 500 Enterprises and 7th among the top 500 Chinese enterprises in 2016.

By entering into the Framework Agreement, Titijaya will be able leverage on CRECD's strength in the construction sector to further enhance project quality and implementation. In addition, CRECD is able to tap into the growing property market in Sabah by collaborating with Titijaya. With the strong CRECD branding, Titijaya's products shall attract more tourists and investors from China, particularly those who favour the commercial and residential property industry.

Both parties also are keen to explore the possibilities of further collaborations in the property development scene in Sabah and establish more new landmarks in the state. This will surely further enhance the earnings visibility of Titijaya and create higher value for its shareholders.

4. TENURE OF FRAMEWORK AGREEMENT

The Framework Agreement shall take effect from the date of signing the Framework Agreement and shall expire at the end of the twelve (12) months from the date thereof, unless it is terminated by either party by issuing a notice to terminate.

The Parties may by mutual consent extend the duration of the Framework Agreement for any period or periods as may be agreed between the Parties.

5. EFFECTS OF THE SIGNING OF FRAMEWORK AGREEMENT

The execution of the Framework Agreement is not expected to have material effect on the earnings, net assets and gearing of Titijaya for the current financial year ending 30 June 2017. Nonetheless, Titijaya expects positive contribution from the operation, promotion and marketing of The Shore Project on its earnings in the future.

The execution of the Framework Agreement has no effect on the issued and paid-up share capital and the substantial shareholders' shareholding in Titijaya.

6. RISKS IN RELATION TO THE SIGNING OF FRAMEWORK AGREEMENT

The execution of the Framework Agreement is not expected to expose Titijaya to any new business risk as the Framework Agreement is related to the property development business of the Group.

7. APPROVALS REQUIRED

The execution of Framework Agreement is not subject to the approval from the shareholders of Titijaya or any other authorities.

8. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS INTEREST

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

9. DIRECTORS' STATEMENT

The Board of Directors of Titijaya, having considered all aspects of the Framework Agreement, is of the opinion that the Framework Agreement is in the best interest of the Company.

10. DOCUMENT AVAILABLE FOR INSPECTION

The Framework Agreement will be 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 for a period of 3 months from the date of this announcement.

This announcement is dated 27 February 2017.