

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

(I) **SHARE SALE AGREEMENT BETWEEN TITIJAYA RESOURCES SDN. BHD., CREC DEVELOPMENT (M) SDN. BHD., CHAN PENG KOOH AND RAFIDAH BINTI MENAN; AND**

(II) **SHAREHOLDERS AGREEMENT BETWEEN TITIJAYA RESOURCES SDN. BHD. AND CREC DEVELOPMENT (M) SDN. BHD.**

1. INTRODUCTION

The Board of Directors of Titijaya wishes to announce that Titijaya Resources Sdn. Bhd. (Company No. 1078020-X) ("**TRSB**"), a wholly owned subsidiary of the Company had on 8 November 2016, entered into the following agreements:-

- (i) a share sale agreement between TRSB, CREC Development (M) Sdn. Bhd. (Company No. 1206194-U) ("**CRECD**"), Chan Peng Koooh and Rafidah binti Menan ("**Share Sale Agreement**") for the proposed acquisition of 10,440,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Ampang Avenue Development Sdn. Bhd (Company No. 826971-X) ("**Ampang Avenue**") ("**Sale Shares**") for a purchase consideration of RM10,000,000 and assumption of the shareholders' advances of RM70,000,000 from Chan Peng Koooh and Rafidah binti Menan ("**Agreed Liabilities**") arriving at a total purchase consideration of RM80,000,000 ("**Proposed Acquisition**"); and
- (i) a shareholders agreement between TRSB and CRECD ("**Shareholders Agreement**") to regulate their relationships *inter se* as shareholders of Ampang Avenue ("**Proposed Joint Venture**").

2. INFORMATION ON TRSB

TRSB was incorporated in Malaysia on 20 January 2014 as a private limited company under the Companies Act, 1965. TRSB has an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each, of which 10,000 ordinary shares have been issued and fully paid-up.

TRSB is principally engaged in the business of property development.

3. INFORMATION ON CRECD

CRECD was incorporated in Malaysia on 21 October 2016 as a private limited company under the Companies Act, 1965. CRECD has an authorised share capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid-up.

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.

As at the date of this announcement, the directors of CRECD are Zhao, Xiaoping and Sun, Hang.

4. INFORMATION ON AMPANG AVENUE

Ampang Avenue was incorporated in Malaysia on 28 July 2008 as a private limited company and is having its authorised share capital of RM11,000,000.00 divided into 11,000,000 ordinary shares of RM1.00 each of which 10,440,000 ordinary shares have been issued and fully paid-up. Ampang Avenue is principally engaged in property development.

Ampang Avenue will be undertaking the business of construction and development on all that leasehold land held under title Geran 53452 Lot 104 Sek. 88 Bandar & Daerah Kuala Lumpur Negeri Wilayah Persekutuan of Kuala Lumpur (now known as PN 51538, Lot 104, Seksyen 88, Bandar Kuala Lumpur, District of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur) measuring approximately 6.06 acres ("**Land**") ("**Proposed Development**").

As at the date of this announcement, the directors of Ampang Avenue are Chan Peng Kooch and Rafidah binti Menan. The shareholders of Ampang Avenue are as follows:-

Shareholders	Shareholding	Percentage (%)
Chan Peng Kooch	7,440,000	71.26%
Rafidah binti Menan	3,000,000	28.74%

Based on the latest audited financial statements of Ampang Avenue for the financial year ended 31 December 2015, Ampang Avenue recorded a loss after taxation of RM16,438.00 and net assets of RM10,387,536.00.

5. INFORMATION ON THE LAND

Nipah Valley Sdn. Bhd. (Company No. 901712-H) ("**Nipah Valley**"), a 90%-owned subsidiary of Ampang Avenue, is the registered proprietor of the Land. The details of the Land are as follows:-

Lot no./Title no.	: PN 51538, Lot 104, Seksyen 88
Mukim / District / State	: Bandar Kuala Lumpur, District of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur.
Land area	: 24,540 square meters or 6.06 acres
Category of land use	: Bangunan
Registered owner	: Nipah Valley Sdn Bhd
Express condition	: Tanah ini hendaklah digunakan hanya untuk tujuan tapak kediaman sahaja.
Tenure	: Leasehold 99-year expiring 20 May 2113
Encumbrances	: Bank Pembangunan Malaysia Berhad
Valuation method	: Residual Method
Current market value	: RM403,600,000

The Proposed Development has been granted approval by Dewan Bandaraya Kuala Lumpur for a mixed-use development with a Plot Ratio of 1:8.0.

Nipah Valley was incorporated in Malaysia on 20 May 2010 as a private limited company and is having its authorised share capital of RM1,250,000 comprising the following:-

- (i) 1,000,000 ordinary shares of RM1.00 each; and
- (ii) 25,000,000 redeemable preference shares of RM0.01 each.

The issued and paid-up capital of Nipah Valley is RM1,235,000 divided into 1,000,000 ordinary shares of RM1.00 each and 23,500,000 redeemable preference shares of RM0.01 each.

Nipah Valley is principally engaged in property development.

As at the date of this announcement, the directors of Nipah Valley are Abin bin Sino and Abdul Said bin Bahulok. The shareholders of Nipah Valley are as follows:-

Ordinary Shareholders	Shareholding	Percentage
Lim Soo Huen	40,000	4%
Lim Soo Seong	20,000	2%
Tan Kian Kim @ Tan Kim	40,000	4%
Ampang Avenue	900,000	90%

Redeemable Preference Shareholders	Shareholding	Percentage
Lim Soo Huen	9,400,000	40%
Lim Soo Seong	4,700,000	20%
Tan Kian Kim @ Tan Kim	9,400,000	40%

By a Property Joint Venture Development Agreement ("**JVA**") dated 12 February 2014 and a Supplemental Agreement dated 2 November 2016 made between Nipah Valley and Ampang Avenue, Ampang Avenue was appointed as developer for the development on the Land into a mixed property development.

Pursuant to the terms and conditions of the JVA, Nipah Valley had charged the Land to Bank Pembangunan Malaysia Berhad, a licensed financial institution in Malaysia ("**Chargee Bank**") for a financing granted by the Chargee Bank to Ampang Avenue for inter alia part financing the original purchase price of the Land as working capital for the proposed development of the Land.

6. SALIENT TERMS OF THE SHARE SALE AGREEMENT

TRSB and CRECD shall acquire the Sale Shares from Chan Peng Kooh and Rafidah binti Menan ("**Vendors**") in the following proportion:-

Party	Ordinary Shares of RM1.00 each	Percentage (%)
TRSB	7,308,000	70%
CRECD	3,132,000	30%
Total	10,440,000	100%

Following the Proposed Acquisition, Ampang Avenue ("**JV Co**") will become a 70%-owned subsidiary of TRSB.

The salient terms of the Sale Share Agreement include, *inter alia* the following:-

6.1 Agreement for Sale Shares

The Vendors agree to sell and TRSB and CRECD ("**Purchasers**") agree to purchase the Sale Shares free from all claims charges liens pledges or any other encumbrances affecting the same with all the rights and with all privileges attaching thereto or accruing thereon as at and from the date hereof including all rights to dividends and other distributions as declared.

The Vendors agree to sell and the Purchasers agree to purchase the Sale Shares in the Company as a going concern to be entitled to enjoy all the benefits of all the existing contracts, agreements or benefits and all future contracts, agreements or benefits in the Company together with all the debt owing to the Creditors (as defined in the Sale Share Agreement).

6.2 Condition Precedent

The provisions of the Sale Share Agreement are strictly subjected to and conditional upon:-

- (a) a certified copy of the Vendors' or company's board resolution passed in accordance with its Articles of Association approving the transfer of the Sale Shares;
- (b) the approval of any other relevant authorities [if any]. All of which approvals and conditions shall hereinafter be collectively referred to as "the Approvals"; and
- (c) that Vendors shall execute the appropriate letter of resignation as director and the appropriate forms to effect to transfer all the shares of the Company whether in its present name or future to be altered name to the Purchasers.

7. SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT

The salient terms of the Shareholders Agreement include, *inter alia* the following:

7.1 TRSB will, at its own cost and expense, do and complete any actions and/or undertakings that are necessary to procure Nipah Valley and the existing shareholders of Nipah Valley to undertake or complete any exercises, actions, dealings or transactions necessary, for JV Co to subscribe and acquire all the ordinary issued share capital of Nipah Valley to represent a 100% control and ownership of the ordinary issued share capital of Nipah Valley.

7.2 Members of the board of the JV Co shall be nominated by each shareholder and the number of directors of the JV Co shall be maintained at the ratio as follows:-

Shareholder	Ratio
TRSB	3
CRECD	2

7.3 TRSB and CRECD will procure the JV Co to appoint a nominee company of CRECD as the main contractor of the JV Co for the purposes of the proposed development of the Land, which shall be subjected to the final agreement of the parties.

- 7.4 TRSB shall take the lead for the specific functions of the JV Co related to sales, marketing, credit management and administration and other aspects related to the business of property development of the JV Co.
- 7.5 CRECD shall take the lead for the specific functions of the JV Co related to the monitoring, management and supervision of the day to day construction-operational related matters of the JV Co including managing and supervising the consultants appointed for the proposed development of the Land for construction related matters.
- 7.6 All terms and conditions in the Shareholders Agreement shall be fulfilled within three (3) months from the date of the Agreement or any extended period of time as may be agreed between the parties thereto.

8. CONSIDERATION FOR THE PROPOSED ACQUISITION AND PROPOSED JOINT VENTURE

The total purchase consideration for the Sale Shares was arrived at on a willing-buyer, willing-seller basis and after taking into consideration of the Agreed Liabilities and potential development aspects of the Land.

The consideration for the Proposed Joint Venture was arrived at upon mutual agreement between TRSB and CRECD, after taking into account, *inter alia*, the following:-

- (i) the rationale of the Proposed Acquisition as set out in Section 11 of this announcement; and
- (ii) the potential development prospects of the Land as set out in Section 12 of this announcement.

9. SOURCE OF FUNDING

For the Proposed Acquisition, TRSB's portion of the total purchase consideration amounting to RM56,000,000 for the Sale Shares shall be satisfied via internally generated funds and/or bank borrowings.

10. LIABILITIES TO BE ASSUMED

Saved for the Agreed Liabilities, TRSB and CRECD are not expected to assume other liabilities, including contingent liabilities and guarantees arising from the Proposed Acquisition and the Proposed Joint Venture.

11. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the ordinary course of business of Titijaya which is property development.

The rationale for the Proposed Acquisition is also for TRSB together with CRECD as shareholders of Ampang Avenue to form a strategic collaboration in relation to the Proposed Development of the Land.

The Board believes that the Proposed Acquisition will complement the Group's existing business in property development for the Group to seek out new strategic growth and future expansion plan within the property development in Greater Kuala Lumpur as well as to ensure earnings sustainability for the Group moving forward.

12. RATIONALE FOR THE PROPOSED JOINT VENTURE

Recognising Titijaya's expertise and track records in the property development industry, CRECD has decided to undertake the development of the Land by way of the Proposed Joint Venture in order to leverage on the synergy derivable for mutual benefit of each stakeholder.

Given the strategic location of the Land being in the Kuala Lumpur city centre area, which is a prime location coupled with connectivity to key roads and highways, the property development on the Land would be able to cater to the anticipated demand for commercial and residential properties within the prime area.

The Proposed Joint Venture demonstrates Titijaya's initiative in pursuing growth and sustainability in its business. Titijaya believes the Proposed Joint Venture will expand its development activities in the future and contribute positively to its financial performance.

Barring any unforeseen circumstances which may have an adverse impact on the demand for residential and commercial properties in Kuala Lumpur city centre area, the Board is upbeat that the development of the Land will contribute positively to Titijaya's future financial performance.

13. EFFECTS OF THE PROPOSED ACQUISITION AND PROPOSED JOINT VENTURE

13.1 Share Capital and Shareholdings of Substantial Shareholders

The Proposed Acquisition and Proposed Joint Venture will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of Titijaya as it does not involve any issuance of Titijaya shares.

13.2 Net Assets ("NA") and NA per Share

The Proposed Acquisition and Proposed Joint Venture are expected to have a positive effect on the NA and NA per Share of Titijaya for the financial year ending 30 June 2017. Nevertheless, the effect cannot be quantified at this point in time as the development has not commenced.

13.3 Earnings

The Proposed Acquisition and Proposed Joint Venture are not expected to have any material impact on the earnings of Titijaya for the financial year ending 30 June 2017. Nevertheless, the Proposed Acquisition and Proposed Joint Venture are expected to contribute positively to the future earnings of Titijaya as and when the proposed development of the Land comes on-stream.

13.4 Gearing

As disclosed in Section 9 above, Titijaya intends to fund the Proposed Acquisition and Proposed Joint Venture through internally generated funds and/or bank borrowings which have not been finalised, hence the effect of the Proposed Acquisition and Proposed Joint Venture on the gearing of Titijaya cannot be ascertained at this juncture.

13.5 Risk in relation to the Proposed Acquisition and Proposed Joint Venture

Risk factors affecting the Proposed Acquisition and Proposed Joint Venture include but are not limited to changes in conditions of competition, economic, business, political and

legal framework environment. Titijaya will undertake the necessary efforts to mitigate the various business risks identified.

The Board is not aware of any other material risk arising from the Proposed Acquisition and Proposed Joint Venture other than stated above.

14. APPROVALS REQUIRED

The Proposed Acquisition and Proposed Joint Venture are not subject to the approvals of any authority and/or the shareholders of the Company.

15. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED ACQUISITION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by 1st Quarter of calendar year 2017.

16. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 12%, based on the latest audited consolidated financial statements of Titijaya for the financial year ended 30 June 2016.

17. 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 JV Co and the Proposed Acquisition and Proposed Joint Venture.

18. DIRECTORS' STATEMENT

The Board of Directors of Titijaya, having considered all aspects of the Proposed Acquisition and Proposed Joint Venture, including but not limited to the salient terms and conditions of the Share Sale Agreement and Shareholders Agreement as fair and reasonable, is of the opinion that the Proposed Acquisition and Proposed Joint Venture are in the best interest of the Company and its group of companies.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The Share Sale Agreement and Shareholders Agreement will be available for inspection at the Registered Office of the Company at Level 7, Menara Milenium, 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 8 November 2016.