

TITIJAYA LAND BERHAD (“TITIJAYA” OR THE “COMPANY”)

PROPOSED ACQUISITION BY CITY MERIDIAN DEVELOPMENT SDN BHD (“CMD” OR “PURCHASER”), A WHOLLY-OWNED SUBSIDIARY OF TITIJAYA, OF A PARCEL OF LEASEHOLD LAND HELD UNDER PN 4022, LOT NO. 12174, MUKIM 12, DAERAH BARAT DAYA, PULAU PINANG (“LAND”) FROM TITIJAYA GROUP SDN BHD (“TGSB” OR “VENDOR”) FOR CASH CONSIDERATION OF RM126,000,000 (“PROPOSED ACQUISITION”)

(Unless otherwise defined in this announcement, all terms used herein shall have the same meaning as those defined in the announcement dated 21 May 2014)

1. INTRODUCTION

On behalf of the Board, TA Securities wishes to announce that CMD had, on 19 January 2015, enter into a supplemental agreement to the sale and purchase agreement dated 21 May 2014 (“SPA”) with TGSB (“Supplemental Agreement”) to vary, amend, modify or alter certain provisions, terms and conditions of the SPA dated 21 May 2014 (“Variations”).

In relation to the SPA and the sale and purchase agreement between TGSB and Lembaga Kemajuan Ikan Malaysia dated 11 November 2013 (“TGSB Agreement”), the State Authority had, on 9 July 2014, approved the Registered Proprietor’s application to vary the express condition endorsed on the documents of title to the Land from “*Tanah yang diberimilik ini hendaklah digunakan untuk tujuan Kompleks Pendaratan Ikan Sahaja*” to “*Tanah yang diberimilik ini hendaklah digunakan untuk tujuan Kediaman dan Komersial sahaja*” (“Variation of Express Condition”), subject to the Registered Proprietor having satisfied the conditions imposed thereon, *inter alia*, the payment of land premium sum of RM19,998,880.00 (“Land Premium Sum”) to the State Authority within three (3) months from the date of the notice, 21 July 2014, which the deadline to pay the aforesaid land premium sum has lapsed on 21 October 2014. TGSB had, on 11 August 2014, appealed to the State Authority to reduce the Land Premium Sum and is currently awaiting reply from the State Authority.

2. SALIENT TERMS OF THE SUPPLEMENTAL AGREEMENT

The salient terms of the Supplemental Agreement are as follows:

- (a) Extended the period for the fulfilment of the Conditions Precedent for one (1) year from 21 September 2014 (the expiry date of the original period for fulfilling the conditions precedent) or any other period as mutually agreed between the Vendor and Purchaser, whichever is longer, and the Vendor’s solicitors shall place the deposit sum of RM1,000,000.00 in an interest bearing account;
- (b) Included the following as the pre-condition to the completion of the purchase of the Land by Purchaser:
 - (i) written approval from the State Authority to extend the payment deadline of the Land Premium Sum or the written approval from the State Authority to the application for the Variation of Express Condition, as the case may be, (“Express Condition Variation Approval”) having been obtained and Vendor having paid the Land Premium Sum to the State Authority, for the purposes of the Registrar to make an entry of the Variation of Express Condition on the documents of title to the Land; and
 - (ii) the Purchaser being satisfied with the results of the valuation on the assets owned by the Vendor legally or beneficially or both of not less than Ringgit Malaysia One Hundred and Fifty Five Million (RM155,000,000.00);

- (c) Changed the following from being pre-conditions to the completion of the purchase of the Land by Purchaser to conditions to be met by Vendor after the completion of the purchase of the Land:
- (i) Obtaining the written approval from the relevant authority in approving the undertaking of a mixed development to be carried out on the Land (“Mixed Development”) with plot ratio of 1:4; and
 - (ii) Obtaining the written approval from the relevant authority in varying the zoning of the land used to Mixed Development;
- (collectively referred to as the “Development Approvals”) within one (1) year after Purchaser having been registered as the legal owner of the Land.
- (d) Included extension to clause (c) above as follow:
- (i) The Vendor shall advance all costs, expenses and payments in applying and obtaining the Development Approvals, and subject to Section 2(h), the Purchaser shall reimburse the Vendor the sums incurred by the Vendor within fourteen (14) business days from the date:-
 - (aa) the Vendor obtains the Development Approval; and
 - (bb) the Purchaser has accepted the limited approval or any condition imposed on the Development Approvals.
 - (ii) If any condition is imposed on the Development Approvals or any approval given by the relevant authority is not in accordance with the terms of the approval application made (“limited approval”), the Purchaser shall be entitled to accept or reject the condition or limited approval, or make an appeal for a review of the condition imposed or limited approval PROVIDED ALWAYS THAT where the condition imposed by the Relevant Authority is a standard condition imposed by that authority in accordance with its regulations, rules or guidelines for similar applications, such condition shall be deemed to have been accepted by the Purchaser on the date of the notice of the condition imposed by that authority.
 - (iii) Where the Purchaser makes an appeal for a review of the condition imposed or limited approval, the Purchaser shall, within fourteen (14) days from the date of the receipt of the notice notifying it of the condition imposed or limited approval, notify the Vendor in writing whether it accepts, intends to make an appeal for a review of, or rejects, the condition imposed or limited approval.
 - (iv) If the Purchaser fails to notify the Vendor of its position within the time specified in Section 2(d) (iii) above, it shall then be deemed that the Purchaser has accepted the condition imposed by the Relevant Authority or the limited approval.
 - (v) If an appeal for a review of the condition or limited approval is made, the Purchaser shall, within two (2) months from the date of the first notice given pursuant Section 2(d)(iii) above to the Vendor, notify the Vendor in writing whether the appeal is successful, or, if unsuccessful or no answer to the appeal is forthcoming, whether it accepts or rejects the condition imposed or limited approval.
 - (vi) If the Purchaser fails to notify the Vendor of its position within the time specified in Section 2(d) (v), it shall then be deemed that the Purchaser has accepted the condition imposed by the Relevant Authority or the limited approval.

(vii) Where :

- (aa) the Relevant Authority rejects the application for any of the Development Approvals;
- (bb) the Relevant Authority refuses to grant any of the Development Approvals;
- (cc) a conditional approval is granted which is not accepted by the Purchaser or the Purchaser decides not to appeal;
- (dd) a limited approval is granted which are is not accepted by the Purchaser or the Purchaser decides not to appeal;
- (ee) any appeal to the limited approval or conditional approval, as the case may be, is refused or the result of the appeal is not accepted by the Purchaser; or
- (ff) any appeal to the refusal is refused,

the Purchaser shall be entitled to terminate the SPA and Supplemental Agreement and whereupon the Vendor shall within fourteen (14) days from the date of notice from the Purchaser refund all sums paid or reimbursed by the Purchaser under the SPA and Supplemental Agreement, including the Purchase Price and the Land Premium Sum.

- (e) Deleting the pre-condition to the completion of the purchase of the Land by CMD that TGSB shall satisfy CMD that the Land is vacant, unoccupied by any person and free from all encumbrances, but stating that TGSB shall deliver vacant possession of the Land to CMD within twenty one (21) days from the date CMD pays the purchase price of RM126,000,000 in full to TGSB (“VP Date”).
- (f) Further extend the following in the clause on vacant possession:
 - (a) If the Vendor fails to deliver vacant possession of the Land to the Purchaser on or before the VP Date, the Purchaser shall be entitled to terminate the SPA and Supplemental Agreement and whereupon the Vendor shall within fourteen (14) days from the date of notice from the Purchaser refund all sums paid or reimbursed by the Purchaser under the SPA and Supplemental Agreement, including the Purchase Price and the Land Premium Sum.
- (g) Included the following in the clause on security:

In consideration of the Purchaser agreeing to pay the Balance Sum, the Vendor shall, immediately upon the fulfilment of the Conditions Precedent, in any event before the Purchaser pays the Balance Sum to the Vendor:-

- (i) create a debenture over all its assets, including assigning by way of charge all Vendor’s rights in the SPA in favour of the Purchaser to claim for refund of all monies paid to LKIM under the SPA, by way of first fixed charge (“Debenture”) in favour of the Purchaser as security for :-
 - (a) keeping the Purchaser indemnified against any liability, claim, cost, or penalty suffered by the Purchaser arising from any of Vendor’s failure in discharging its obligations under the Act (as defined hereinafter), the SPA or the Supplemental Agreement;
 - (b) refund of all sums, payments, stamp duty, premiums and costs paid by the Purchaser under the SPA and Supplemental Agreement to the Purchaser, including the Purchase Price; and
 - (c) refund of all sums, payments, premiums and costs reimbursed by the Purchaser to the Vendor under the SPA and Supplemental Agreement to the Purchaser,

in the event the Purchaser elects to terminate the SPA and Supplemental Agreement upon:-

- (i) the occurrence of any event stated in Section 2(d)(vii) above below;
 - (ii) the MOT not capable of being registered in favour of the Purchaser; or
 - (iii) the failure of the Vendor to deliver vacant possession of the Land to the Purchaser on or before the VP Date (as defined hereinafter).
- (ii) procure an independent auditor to certify that all assets owned by the Vendor legally or beneficially or both as at the date all the Conditions Precedent are fulfilled shall not be less than Ringgit Malaysia One Hundred and Fifty Five Million (RM155,000,000.00) (“Auditor’s Certificate”), and shall deliver the Auditor Certificate to the Purchaser.
- (iii) The Vendor shall not revoke the Debenture until and unless:
- (a) the Purchaser has been registered as the legal owner of the Land;
 - (b) the Relevant Authority has granted the Development Approvals and the Purchaser has accepted the limited approval or any condition imposed on the Development Approvals; and
 - (c) The Vendor has delivered vacant possession of the Land to the Purchaser.
- (h) Included the following in Reimbursement of Cost Section:

Notwithstanding any other provisions to the contrary, the Purchaser shall only reimburse the Vendor a sum not exceeding Ringgit Malaysia Fifty Million (RM50,000,000.00) for the costs, expenses, premiums and payments incurred by the Vendor in applying and obtaining the Express Condition Variation Approval and the Development Approvals. Any additional sum incurred in excess of the aforesaid Ringgit Malaysia Fifty Million (RM50,000,000.00) in obtaining the Express Condition Variation Approval and the Development Approvals shall be borne by the Vendor.

Following the Supplemental Agreement, TGSB shall on behalf of CMD make the necessary applications to the relevant authority to obtain the aforesaid approvals after CMD has paid the purchase price of RM126,000,000 in full to TGSB.

3. RATIONALES OF THE VARIATIONS

The rationales for the Supplemental Agreement are as follows:

- (i) for consistency in terms of timing with TGSB Agreement, which the time period to satisfy the conditions precedent under the TGSB Agreement has lapsed on 11 November 2014. The Registered Proprietor had, on 27 October 2014, extend the condition precedent period for the six (6) months from the expiry of the aforesaid condition precedent period;
- (ii) to ensure that the registered owner of the Land is able to apply and secure approvals for the undertaking of a Mixed Development with plot ratio 1:4 and variation of zoning of land use to Mixed Development since such approvals cannot be transferred to any new owner of the Land;
- (iii) as the Registered Proprietor require delivery of vacant possession of the Land to be subject to CMD having paid the purchase price in full to TGSB;
- (iv) to further safeguard the interest of CMD, the provisions of the Debenture had been further enhanced; and
- (v) to provide better clarity.

4. EFFECTS OF THE PROPOSED ACQUISITION

The Supplemental Agreement will not have any effect on the issued and paid-up share capital, shareholding structure, earnings, net asset and gearing of the Group.

5. APPROVALS REQUIRED

The Proposed Acquisition is subject to and conditional upon approvals being obtained from the following:

- (i) The shareholders of Titijaya at an extraordinary general meeting (“EGM”) to be convened; and
- (ii) Any other relevant parties, if required.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors and/or major shareholders of Titijaya and/or persons connected to them have any interest, either direct or indirect, in the Supplemental Agreement.

Tan Sri Dato’ Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are directors and major shareholders of Titijaya. They are also directors and shareholders of TGSB. As such, they are deemed interested in the Proposed Acquisition (“Interested Directors”).

In view of the above, the Interested Directors had and will continue to abstain from deliberating and voting at the Board meetings and the EGM of Titijaya pertaining to the Proposed Acquisition.

7. DIRECTORS’ STATEMENT

Save for the Interested Directors, the Board, having considered all aspects of the Supplemental Agreement, is of the opinion that it is in the best interest of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The Supplemental Agreement will be available for inspection at the office of Titijaya at N-16-01, Penthouse, Level 16, First Subang, Jalan SS15/4G, 47500 Subang Jaya, Selangor during normal business hours from Monday to Friday (except state public holidays) for a period of three (3) months from the date of this Announcement.

An announcement will be made upon submission of the updated Valuation Report to Bursa Malaysia Securities Berhad and the said updated Valuation Report will be made available for inspection.

This announcement is dated 19 January 2015.