

DIJAYA CORPORATION BERHAD (“DIC” OR “COMPANY”)

PROPOSED JOINT VENTURE VIA A JOINT VENTURE AGREEMENT BETWEEN DIC, TROPICANA DEVELOPMENT (PENANG) SDN BHD (FORMERLY KNOWN AS SELEKSI KEMBARA SDN BHD AND A WHOLLY-OWNED SUBSIDIARY OF DIC), IVORY PROPERTY GROUP BERHAD (“IVORY”) AND IVORY UTILITIES SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF IVORY), FOR THE PROPOSED DEVELOPMENT OF APPROXIMATELY 102.56 ACRES OF MIXED DEVELOPMENT LAND IN BAYAN MUTIARA, DISTRICT OF TIMUR LAUT, PENANG (“PROPOSED JOINT VENTURE”)

PROPOSED PROVISION OF FINANCIAL ASSISTANCE BY DIC TO TROPICANA IVORY SDN BHD (AN ASSOCIATE COMPANY OF DIC) PURSUANT TO THE PROPOSED JOINT VENTURE

1. INTRODUCTION

On behalf of the Board of Directors of DIC (“**Board**”), AFFIN Investment Bank Berhad (“**AFFIN Investment**”) wishes to announce the following:

- (i) the Company and Tropicana Development (Penang) Sdn Bhd (formerly known as Seleksi Kembara Sdn Bhd) (“**TDPSB**”), a wholly-owned subsidiary of the Company, had on 11 November 2011 entered into a joint venture agreement (“**JV Agreement**”) with Ivory Properties Group Berhad (“**Ivory**”) and Ivory Utilities Sdn Bhd (“**IUSB**”), a wholly-owned subsidiary of Ivory, for the proposed development of approximately 102.56 acres of mixed development land in Bayan Mutiara, District of Timur Laut, Penang (“**Proposed Joint Venture**”).

The Company and Ivory shall individually be referred to as “**Party**” and collectively to as the “**Parties**”, while TDPSB and IUSB shall individually be referred to as “**JV Shareholder**” and collectively to as the “**JV Shareholders**” hereinafter; and

- (ii) proposed provision of financial assistance by the Company to Tropicana Ivory Sdn Bhd (“**TISB**”), an associate company of the Company, pursuant to the Proposed Joint Venture (“**Proposed Provision of Financial Assistance**”).

Further details of the Proposed Joint Venture and Proposed Financial Assistance (collectively referred to as the “**Proposals**”) are set out in the ensuing sections.

2. THE PROPOSED JOINT VENTURE

2.1 Background information on the Proposed Joint Venture

On 3 March 2011, Ivory submitted an application to Penang Development Corporation (“**PDC**”) to purchase and develop approximately 102.56 acres of mixed development land in Bayan Mutiara, District of Timur Laut, Penang located at the coast way of Tun Dr. Lim Chong Eu Expressway to the north of Techware Sdn Bhd’s Gold Coast Development, sandwiched between the Penang Bridge, the Marine Police Headquarters and the said Gold Coast Development of which approximately 67.56 acres are existing land and approximately 35.00 acres are to be reclaimed (“**Land**”).

On 25 July 2011, Ivory announced that it received and accepted a letter of acceptance from PDC on its proposal to purchase and develop the Land.

On 13 October 2011, TDPSB and IUSB each acquired one (1) ordinary share in TISB of RM1.00 each (“**TISB Share(s)**”) in cash, representing 50% of entire equity interest in TISB respectively. Subsequently, on 14 October 2011, TDPSB and IUSB subscribed additional 48 TISB Shares and 50 TISB Shares respectively in cash (“**Subscription**”). Upon Subscription, TDPSB and IUSB each holds 49 TISB Shares and 51 TISB Shares, representing 49% and 51% of entire equity interest in TISB respectively.

On 11 November 2011, Ivory entered into a purchase and development agreement (“**PDA**”) with the Chief Minister of Penang (Incorporation) (“**CMI**”) and PDC for the purchase and development of the Land.

The Parties are desirous of entering into a joint venture in relation to the proposed development to be constructed on the Land (“**Proposed Development**”) and pursuant thereto had on 11 November 2011 entered into the JV Agreement together with the JV Shareholders to regulate their relationship as joint venture partners and to procure the JV Shareholders to regulate the conduct of the business and affairs of TISB.

TISB has been incorporated as the joint venture vehicle in accordance with the terms and conditions stipulated in the JV Agreement to undertake the Proposed Development, whereby the Land will be transferred in favour of TISB from CMI and PDC save for any parcels of land which have been jointly agreed by the Parties to be sold to any third party.

2.2 Salient terms of the JV Agreement

Under the PDA, notwithstanding Ivory being named and recognised as the developer in the PDA, Ivory shall be entitled to award any development contracts to either TISB or subsidiaries of Ivory or wholly-owned subsidiaries of TISB (collectively referred to as “**Nominated Companies**” and “**Nominated Company**” means any of them) or any of Ivory’s associate or subsidiary companies of Ivory as Ivory deems fit or enter into any joint venture with any parties in respect of the Proposed Development. CMI shall transfer the Land or parts thereof either to Ivory or to any of the Nominated Companies or such person or persons approved by PDC (collectively referred to as “**Approved Nominees**” and “**Approved Nominee**” means any of them) in the manner described in the PDA.

Pursuant to the above, under the JV Agreement, Ivory has warranted, represented and undertaken to the Company that notwithstanding the other nominees which have been named as the Nominated Companies or an Approved Nominee in the PDA or any other agreement/correspondence, Ivory shall appoint TISB as the sole developer and ensure that the entire development contracts shall be solely and exclusively awarded to TISB and the Land or any part thereof shall be solely and exclusively transferred to TISB save and except the parcels of lands which are mutually agreed by the Parties to be sold to any third party in the manner provided under the JV Agreement.

The salient terms of the JV Agreement include, among others, the following:

2.2.1 TISB, the joint venture company

The share capital of TISB unless varied by mutual consent of the Parties in writing or unless varied pursuant to any provision contained in the JV Agreement or as a result of any transfer of shares by any JV Shareholder pursuant to the provisions of the JV Agreement shall at all times be held by TDPSB and IUSB on a 49:51 basis, in favour of IUSB (“**Shareholding Ratio**”).

Ivory warranting and undertaking to cause CMI and PDC to transfer the Land or parcel or parcels of the Land in the time and manner provided in the PDA and awarding all the development contracts in relation to the development of the Land solely to TISB in consideration of TISB making payment of the purchase price to PDC in place of Ivory for each and every parcel or parcels of the Land (“**Parcel(s)**”) in the time and manner as provided in the PDA.

The Parties shall to their best ability utilise their ability and resources to achieve the primary objective of TISB, namely, to purchase the Land from PDC and to undertake the Proposed Development and Reclamation Works (as defined herein) on the Land. In the event that Ivory were to incur any liabilities or losses under the PDA (unless the liabilities or losses incurred are due to the fault of Ivory or its employees, servants or agents), the Parties agree that the Parties would be liable for the said losses or liabilities in proportion to the JV Shareholders respective shareholdings in TISB.

2.2.2 Shareholders' meeting

The quorum for all general meetings of the shareholders of TISB shall be a representative from IUSB and a representative from TDPSB.

In the event that the quorum for the general meetings is not obtained for three (3) consecutive times or the JV Shareholders are unable to agree on any resolution or matter or a dispute shall arise between the JV Shareholders to the point that further progress of such general meeting is impossible (hereinafter referred to as a "**Deadlock**"):

- (i) the Parties shall procure the JV Shareholders to agree to continue and carry on the day to day running of TISB until such time the development of the entire Land or any part thereof which is undertaken by the JV Company is completed under the PDA and the Land is fully transferred to TISB. Thereafter, the Parties and/or the JV Shareholders shall divide any of the undeveloped land or any part thereof among both JV Shareholders. For avoidance of doubt, the Parties undertake to each other that notwithstanding any deadlock situation, each party shall procure to pay to TISB its respective portion of the price of each and every parcel in order for Ivory to pay to PDC the price for each and every parcel of the land in the time and manner as provided in the PDA;
- (ii) in the event that a JV Shareholder obtains part of the Land which is of a higher value than that JV Shareholder's shareholding, then the said JV Shareholder shall reimburse the other JV Shareholder of such amount that has exceeded the value of the said shareholding and thereafter to procure TISB to do such subdivision and thereafter to transfer such portion of the parcel to the respective parties;
- (iii) in the event that there are monies owing by one Party/JV Shareholder, as the case may be, to the other Party/JV Shareholder under the JV Agreement and if the said Party/JV Shareholder is unable to pay the other Party/JV Shareholder as stipulated in 2.2.2 (ii) above, then the said monies due and owing shall be set off by way of transferring part of the Land to the other Party/JV Shareholder of an equivalent value to the monies owing to the other Party/JV Shareholder;
- (iv) the Parties agree that all Parties shall ensure that TISB continue to take the remainder of the parcel or parcels of the Land and pay to PDC the price of each and every parcel of the Land not yet purchased under the terms of the PDA and also to complete the Proposed Development in the manner as provided in the PDA so as to ensure that Ivory shall not be in breach of any of the terms of the PDA. After the Land or any part thereof has been transferred to the Parties/JV Shareholders in accordance with the JV Agreement, TISB shall be wound up.

2.2.3 Expenses & Funds

For purposes of Ivory purchasing the Land or any part thereof progressively pursuant to the PDA and procuring the transfer of the Land or any part thereof to TISB, the JV Shareholders shall inject into TISB sufficient funds progressively to enable TISB to pay to Ivory or PDC for the purchase and the transfer of each and every parcel of the Land or any part thereof to TISB. In the event that either JV Shareholder is unable to inject the said monies at the relevant times, the other party shall have the right to advance the said monies on behalf of non-paying JV Shareholder to TISB subject to the terms and conditions as shall be agreed between the Parties.

2.2.4 Performance Guarantee

TISB shall be responsible for the procurement of a performance guarantee for the sum of RM50 million to be issued by a licensed bank or financial institution in Malaysia in favour of PDC in the time and manner as stipulated in the PDA.

2.2.5 Terms and Termination

If any of the JV Shareholders (hereinafter referred to as the “**Defaulting Party**”) shall:

- (i) goes into winding up or liquidation (whether compulsory or otherwise) otherwise than for the purpose of bone fide reconstruction amalgamation or an Order of Court is made for its compulsory winding up or liquidation as the case may be; or
- (ii) enter into any composition or arrangement with its creditors; or
- (iii) have a receiver and/or manager appointed over the whole or any part of its undertaking or assets; or
- (iv) cease or threaten to cease to carry on the whole or any substantial part of its business other than in the course of reconstruction or amalgamation;

then in any such event, the non-Defaulting Party shall, without prejudice to such other rights and remedies as it may have, be entitled to give notice in writing to the Defaulting Party to remedy such breach within thirty (30) days. Failure by the Defaulting Party to remedy such breach shall result in termination of the JV Agreement and whereupon the Defaulting Party shall be deemed to make an offer to sell all of the shares to the non-Defaulting Party at a value determined by the auditors of TISB taking into consideration the net tangible assets of TISB (which land value shall be based on the market value of the Land as determined by a licensed valuer and not the book value) less five percent (5%). If the non-Defaulting Party refuses to or declines to buy the shares, the offer will automatically lapse and the Parties agree that TISB shall be wound up.

If any of the Defaulting Party shall:

- (i) commit any breach of its obligations under the JV Agreement and shall fail to take all necessary action to remedy such breach within thirty (30) days from the service of a written notice by the other party hereto complaining of such breach; or
- (ii) commits any act or offence or is guilty of any unbecoming acts or convicted of any offence which prejudices the joint venture or the JV Agreement;

then in any such event, the non-Defaulting Party shall be entitled to terminate the JV Agreement by issuing termination notice. If the non-Defaulting Party decides to terminate this Agreement, the non-Defaulting Party shall in the first instance issue a preliminary notice to the Defaulting Party complaining of such breach. Within thirty (30) days of receipt of the preliminary notice, the Defaulting Party shall submit to the non-Defaulting Party in sufficient detail, the manner in which it proposes to cure the breach (the “**Proposal to Rectify**”). In case of non submission of the Proposal to Rectify within the said period of thirty (30) days, the non-Defaulting Party shall be entitled to terminate the JV Agreement by issuing termination notice. If the Proposal to Rectify is submitted within the period stipulated above and is agreed by the non-Defaulting Party, the Defaulting Party shall have further period of sixty (60) days to remedy / cure the breach. If, however, the Defaulting Party fails to remedy/cure the breach within such period allowed, the non-Defaulting Party shall be entitled to terminate the JV Agreement. In the event of termination of the JV Agreement under this section, it shall then be deemed as a Deadlock and the Parties agree that Section 2.2.2 above shall apply. If the non-Defaulting Party is not agreeable to the Proposal To Rectify, then similarly it shall be deemed as a Deadlock and the Parties agree that the Section 2.2.2 above shall apply.

2.2.6 Appointment of Builder

TISB shall appoint either one of the Parties or its subsidiary as a builder (hereinafter referred to as “**the Builder**”) to undertake construction works on the Land (including but not limited to the Reclamation Works) and in pursuance thereto, TISB shall enter into an agreement with the Builder (hereinafter referred to as “**the Builder’s Agreement**”) based on format and upon the terms and conditions prescribed in the JV Agreement.

Upon execution of the Builder’s Agreement, the JV Shareholder related to the Builder shall sell six percentum (6%) of TISB Shares, at a price equivalent to the par value per share of TISB to other party of the JV Agreement, thereby resulting in a change of the equity participation of TISB. The JV Shareholder buying the said TISB Shares shall also reimburse to the other JV Shareholder 6% of all of the expenses incurred by TISB.

2.2.7 Financing

If and when necessary and only where TISB is unable to secure such financing from the borrowing from banks and or financial institutions as provided in the JV Agreement, any additional capital which is required by TISB shall be provided by the Shareholders on a several basis in proportion to and to the extent of their respective shareholdings in TISB.

If any guarantees and/or other securities are required to be executed or provided to such banks and or financial institutions in order to secure such borrowing for TISB, the JV Shareholders may, unless prohibited by Malaysian law, provide such guarantees and/or other securities on a several basis in proportion to and to the extent of their respective shareholdings in TISB. If any guarantee or security aforesaid is provided by only one of the JV Shareholders, the other JV Shareholder shall indemnify the former Shareholder to the extent of such latter party’s shareholding in TISB.

2.2.8 Undertaking by Ivory

Ivory undertakes with the Company that notwithstanding anything to the contrary contained in the PDA, it shall cause CMI and PDC to transfer the Land and/or all parcel or parcels of the Land or part thereof solely to TISB.

Ivory further undertakes with the Company that notwithstanding anything to the contrary contained in the PDA, Ivory shall appoint TISB as the sole and exclusive developer of the Land purchased by Ivory under the PDA.

Notwithstanding with the above, a breach of undertaking by Ivory shall result in the Company having an option to either:

- (i) seek specific performance of the JV Agreement against Ivory and all costs and expenses incurred by the Company in connection therewith shall be borne and paid by Ivory; or
- (ii) the Company terminating the JV Agreement and Ivory shall compensate the Company liquidated damages which are to be assessed.

2.2.9 Conditions precedent

The JV Agreement is conditional upon the approval from the Board and shareholders of the Company and the board of directors and shareholders Ivory.

2.3 Background information on the Proposed Development

The Land for the Proposed Development is intended for mixed development comprising different phases of development of residential and commercial properties which include, among others, the development of high rise and low rise residential properties, shop houses, healthcare centers, office towers and a leisure club to be constructed on:

- (i) approximately 67.56 acres equivalent to 2,942,914 square feet ("**sq. ft.**") of existing land designated as Parcels A, B, C and D1 ("**Existing Land**"); and
- (ii) approximately 35.00 acres equivalent to 1,524,600 sq. ft. designated as Parcel D to be reclaimed in accordance with the provisions of the PDA ("**Reclamation Land**").

The Proposed Development will be identified as "Penang World City". The Proposed Development will be based on the overall development master plan of the Land which is subject to the approval of PDC. Pursuant to the PDA, a proposed master plan for the Proposed Development shall be submitted for PDC's consideration within three (3) months from the date of the PDA.

DIC and its subsidiaries ("**DIC Group**" or "**Group**") foresee that the Proposed Development is expected to generate an estimated gross development value ("**GDV**") of approximately RM10 billion. However at this juncture, it is too preliminary to ascertain the exact GDV, total development cost and the expected profit to be derived from the Proposed Development as the relevant approvals in respect of the Proposed Development has yet to be obtained.

The Proposed Development shall also include the construction of Grade A Prestigious Offices as a compulsory component ("**Compulsory Component**"). Further, a specialist medical centre, subject to market demand, need or requirement to be justified to Ivory, shall also be constructed on the Land pursuant to the PDA.

The timeframe for completion of the Proposed Development is within eight (8) years of the PDA, whereby the timeframe for completion of the following sub-components of the Proposed Development are as follows:

- two (2) years from the date of the PDA to commence the development of the Parcel corresponding to the payment of the first installment of the Land Price as specified in the PDA (“**First Parcel**”) and five (5) years from the date of the PDA to complete the development of the First Parcel; and
- five (5) years from the date of the PDA to complete the Compulsory Component.

Under the PDA, the purchase price of the Land shall be RM1,072,203,264 (“**Land Price**”) and Ivory shall pay to PDC the Land Price by installments and upon notification by PDC for the issuance of the title to the Parcels, Ivory shall at its own cost and expense transfer progressively the Parcels in favour of Ivory or the Approved Nominee, in accordance with and subject to the conditions and restrictions under the National Land Code, 1965.

The Land Price shall be paid in the manner specified below as stipulated in the PDA:

No.	Respective Due Date	RM'000
1.	Upon execution of the PDA	109,094
2.	Within 4 months from the date of the PDA	11,719
3.	Within 18 months from the date of the PDA	124,366
4.	Within 24 months from the date of the PDA	193,082
5.	Within 36 months from the date of the PDA	229,171
6.	Within 48 months from the date of the PDA	215,392
7.	Within 60 months from the date of the PDA	188,179
		1,071,003
	Earnest Deposit	1,200
	Total	1,072,203

With respect to the Land, should the area of the Land in the final title be different from as stated in the PDA, the Land Price shall be adjusted accordingly at the rate of RM240.00 per sq. ft.

With regards to the Reclamation Land, Ivory will undertake and complete the reclamation works to be carried out for the Reclamation Land in accordance with the terms of the PDA (“**Reclamation Works**”). The Reclamation Works can be done at various stages or phases and upon the completion of one or more of the stages or phases, Ivory shall be entitled to choose such completed phases as one of the parcels to be alienated or transferred to Ivory or Nominated Company in accordance with the terms of the PDA.

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2.4 Information on the Land

The Land comprises five (5) parcels of mixed development land identified as Parcel Nos. A, B, C, D and D1 with a total land area measuring approximately 102.56 acres in Bayan Mutiara, District of Timur Laut, Penang located at the coast way of Tun Dr. Lim Chong Eu Expressway to the north of Techware Sdn Bhd's Gold Coast development, sandwiched between the Penang Bridge, the Marine Police Headquarters and the Gold Coast development comprising:

- (i) the Existing Land; and
- (ii) the Reclamation Land.

The Land is strategically located within Bayan Mutiara, a new development area located at the coast way (eastern part) of the Tun Dr. Lim Chong Eu Expressway (formerly known as Bayan Lepas Expressway) and in the locality of Sungai Nibong, Tun Dr. Lim Chong Eu Expressway forms the coastal highway, which links Georgetown at the north and Batu Maung / Bayan Lepas at the south.

The Land is located about 11 kilometres due south-west of the Penang Ferry Terminal, about 9.5 kilometres due south-west of Kompleks Tun Abdul Razak (KOMTAR) and is about 9 kilometres due north-east of the Penang International Airport in Bayan Lepas. The Land is accessible from KOMTAR via Jalan Dr. Lim Chwee Leong, Gat Lebu Prangin, Pengkalan Weld, Tun Dr. Lim Chong Eu Expressway and thence onto an unnamed service road leading to Bayan Mutiara. Alternatively, it is approachable from Penang International Airport via Jalan Sultan Azlan Shah, Jalan Aziz Ibrahim, Persiaran Bayan Indah and thence onto an unnamed service road leading to Bayan Mutiara.

Bayan Mutiara is a new waterfront development located on the south-eastern foreshore of Penang Island, between Georgetown and Bayan Lepas. It is facing the sea overlooking Pulau Jerejak. Its location within the Penang's multimedia super corridor (MSC) affords superb access as well as systematic and environmentally friendly civil and information technology infrastructure.

Located further to the south of Bayan Mutiara are two major mixed developments identified as Gold Coast development undertaken by Techware Sdn Bhd and Queensbay development. The Bayan Lepas Free and Non-Free Industrial Zones are located further to the southeast of the Land.

Please refer to **Appendix I** for further details of the Land.

2.5 Basis of arriving at the Land Price

The purchase consideration for the Land of RM1,072,203,264 is based on the selling price of RM240 per sq. ft. as stipulated in the PDA for a total land area of approximately 102.56 acres or 4,467,513.60 sq. ft. The Land Price was subsequently ascertained by Henry Butcher Malaysia (Penang) Sdn Bhd ("**Henry Butcher**"), a firm of independent registered valuers, with a market valuation of RM1,079,500,000 in its valuation report dated 3 October 2011 ("**Valuation Report**") using the comparison method.

2.6 Funding requirement for the Proposed Joint Venture

(i) Land

The Land Price of RM1,072,203,264 for the consideration of the Land to be transferred to TISB pursuant to the Proposed Joint Venture shall be funded either by the following:

- (a) shareholders' advances by the JV Shareholders to TISB; and/or
- (b) bank borrowings to be raised by TISB.

The exact funding composition of shareholders' advances by the JV Shareholders and/or bank borrowings to be raised by TISB will be determined by the management of the JV Shareholders at a later stage, after taking into consideration the Parties/JV Shareholders' gearing level, interest cost and internal cash requirements for their business operations.

The JV Shareholders shall progressively contribute capital and/or provide advances to TISB in accordance with the Shareholding Ratio, as may be varied in accordance with the JV Agreement. The eventual capital will depend on the capital requirements of TISB for the Proposed Development.

The shareholders advances to TISB by TDPSB shall be either funded from the Group's internally generated funds and/or bank borrowings. The Group will decide on the eventual mix of internally generated funds and bank borrowings to be injected into TISB via TDPSB as shareholders advances after taking into consideration the total development costs, interest costs, the Group's appropriate gearing level and future cash flow requirements for its business operations.

(ii) Proposed Development

It is expected total GDV of the Proposed Development is approximately RM10 billion. The development cost is expected to be funded from the sales proceeds generated from the Proposed Development, bank borrowings to be raised by TISB and/or advances from the JV Shareholders. The exact composition of the shareholders' advances by the JV Shareholders and/or bank borrowings to be raised by TISB and/or the sales proceeds of the Proposed Development will be determined by the management of the JV Shareholders at a later stage, after taking into consideration the gearing level, interest cost and internal cash requirements for their respective business operations.

2.7 Liabilities to be assumed

No liabilities will be assumed by the Group pursuant to the Proposed Joint Venture.

3. PROPOSED PROVISION OF FINANCIAL ASSISTANCE

Pursuant to Paragraph 8.23(2)(c) of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”), a listed company is required to seek its shareholders’ approval where the aggregate amount of financial assistance provided/to be provided by a listed issuer or its subsidiaries to an associated company is equal to or exceeds 5% of the net tangible asset (“**NTA**”).

Following the Proposed Development, the Group shall extend financial assistance to TISB in the form of shareholders advances, guarantee, indemnity or collateral of up to RM525,379,600 (representing 49% of the total consideration of the Land) to fund the Proposed Development incurred in relation to the acquisition of the Land. This represents approximately 59% of the NTA of the Group as at FYE 31 December 2010.

Notwithstanding the above, as mentioned in Section 2.2.6 of this announcement, in the event that Ivory or its subsidiaries is appointed as the Builder, TDPSB’s equity interest in TISB will increase to 55%. In such event, TISB shall be a subsidiary company of the Group and this Paragraph 8.23(2)(c) of the Listing Requirements shall no longer be applicable.

4. INFORMATION ON JV SHAREHOLDERS, TISB, CMI AND PDC

4.1 Information on TDPSB

TDPSB is a private limited company incorporated in Malaysia on 25 November 1994 under the Companies Act, 1965 (“**Act**”). It was formerly known as Seleksi Kembara Sdn Bhd from the date of its incorporation up until 8 November 2011 where it assumed its current name. The present authorised share capital of TDPSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each. The principal activity of TDPSB is investment holding.

4.2 Information on IUSB

IUSB is a private limited company incorporated in Malaysia on 6 October 2008 under the Act. The present authorised share capital of IUSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each. The intended principal activity of IUSB is property development and construction, and investment holding. It is currently a wholly-owned subsidiary of Ivory and has not commenced operations since its incorporation.

4.3 Information of TISB

TISB is a private limited company incorporated in Malaysia on 30 September 2011 under the Act and its intended principal activity is property development and construction. TISB is currently an associate of TDPSB and has not commenced operations since its incorporation. The present authorised capital of TISB is RM100,000 divided into 100,000 TISB Shares of which 100 TISB Shares issued and fully paid-up.

4.4 Information on CMI

CMI is a body corporate incorporated under the Chief Minister of Penang (Incorporation) Enactment, 2009.

4.5 Information on PDC

PDC was established under the Penang Development Corporation Enactment 1971. PDC is the development arm of the State Government of Penang entrusted, inter alia, to promote the development of industrial, commercial, trading and residential areas and/or projects in the State of Penang.

5. PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy continued to expand, albeit at a slower pace of 4% during the second quarter 2011 (Q1 2011: 4.9%) amid growing uncertainties in the external environment. The growth moderation was also partly attributed to the high base, given the robust expansion of 9% in the second quarter of 2010. Domestic demand grew 5.2% (Q1 2011: 6.9%), despite external uncertainties. This was largely driven by strong private consumption and investment activities.

(Source: Malaysian Economy, Second Quarter 2011, Ministry of Finance)

Malaysia's real Gross Development Product ("GDP") growth is expected to be sustained at 5% - 6% in 2012. For 2012, GDP growth in Malaysia will be largely domestic driven, due to heightened uncertainties in the global economy. While the outlook for 2012 is affected by the increasingly adverse external environment, strong economic fundamentals coupled with pragmatic macroeconomic policies and implementation of the Economic Transformation Programme (ETP) will enhance domestic sources of growth. Domestic demand, in particular private sector expenditure is expected to play a more significant role in driving economic expansion in 2012.

(Source: Economic Performance & Prospects, Economic Report 2011/2012, Ministry of Finance)

5.2 Overview and outlook of the Malaysian property market

The Malaysian property market continued to be encouraging in tandem with the positive growth of the economy. The review period registered 214,764 transactions worth RM64.75 billion. Against first half 2010, the volume and value of transactions recorded double digit growth of 18.1% and 29.7% respectively. Likewise, the volume and value of transactions increased against second half 2010 albeit at a lower 10.2% and 12.6% respectively.

In terms of market activity, all sub-sectors registered improved performance compared to the corresponding half year of 2010. The highest increase was recorded by the residential sub-sector at 23.1%, followed by industrial (15.4%), development land (13.4%), commercial (12.3%) and agricultural (8.9%) sub-sectors. Against the preceding half-year, increased transactions volume were recorded by the development land (18.9%), residential (13.5%), agricultural (5.5%), commercial (0.6%) sub-sectors, whilst the industrial sub-sector decreased by 1.3%. The residential sub-sector remained dominant, capturing 62.4% of total market share. This was followed by the agricultural (20.2%), commercial (9.8%), development land (5.1%) and industrial sub-sectors (2.4%). In terms of value, residential sub-sector contributed the highest to the overall transactions value with 46.8% contribution.

Against first half 2010, market activity across the nation was encouraging with some exceptions. Most states witnessed increased transactions volume with ten (10) achieving double-digit growths. Transactions in W.P. Putrajaya and Pulau Pinang grew by 62.9% and 52.1% respectively. Other states with commendable increases were Negeri Sembilan (32.7%), Perak (28.8%), Kedah (26.5%), Melaka (23.8%), W.P. Kuala Lumpur and Kelantan (18.0%), as well as Selangor (15.5%) and Johor (12.6%). Pahang, Perlis, Sabah and Sarawak registered 7.8%, 0.8%, 1.9% and 7.4% increases respectively. On the other hand, W.P. Labuan and Terengganu registered 14.7% and 9.5% decreases respectively.

(Source: Property Market Report for the first half of 2011, Valuation and Property Services Department, Ministry of Finance, Malaysia)

5.3 Overview and outlook of the property market in Penang

According to the Ministry of Finance, the Penang property market in 2011 is set for a substantial rebound on the back of a total 18,035 transactions worth RM6 billion recorded in the 1st half of 2011. The positive momentum is expected to continue throughout 2011.

In Penang, the current property market condition has improved since the beginning of the 2nd half of 2009. Land for development is scarce on Penang Island. The take-up of new properties in Penang as recorded for the whole of 2010 is generally higher than the national average while at the same time the property overhang scenario in Penang is reportedly much lower than Malaysia as a whole. Demand has been both domestically and internationally driven. With its recent inscription as a world heritage site by UNESCO, Penang has now attracted more attention as a destination for businesses, tourism, leisure, 2nd home and property investment.

(Source: Valuation Report by Henry Butcher)

5.4 Prospects of the Land

The Board is of the view that the Proposed Development will enhance the Group's future earnings. The Board expects growing demand for property development surrounding Penang given the renewed interest in prime development land within Penang Island which enhances the value of such prime development land in the area.

The Group is expected to benefit from the Proposed Joint Venture in view of the Proposed Development is strategically located within Bayan Mutiara. Bayan Mutiara is a new waterfront development located on the south-eastern foreshore of Penang Island, between Georgetown and Bayan Lepas. In addition to its sea frontage, its location within Penang's multimedia super corridor (MSC) affords good accessibility to civil and information technology (IT) infrastructure and facilities.

Located further off Bayan Mutiara are two major mixed developments identified as Gold Coast and Queensbay. Gold Coast is presently completed with various blocks of condominiums, apartments and flats. There is also a commercial project comprising retail commercial properties and the proposed development of Gold Coast Mall will be developed in the area. Queensbay is an on-going and integrated township which is presently completed with a commercial complex known as Queensbay Mall (the longest and largest shopping mall in the northern region) and comprises mixed retail and commercial development projects.

5.5 Prospects of the Proposed Joint Venture

The strengths and the expertise of the JV Parties are complementary in nature given the credentials and the financial strength of the Group as well as the experience of Ivory in turnkey property development/contracting is essential for the successful execution of the Proposed Development. At present, both parties are enjoying a successful partnership in the development of residential project, Aston Villas in Penang with a GDV of approximately RM64 million. Through the Proposed Joint Venture, both parties could continue to collaborate as well as to leverage on the existing strong foundation of its present partnership to the Proposed Development.

6. RATIONALE

6.1 Proposed Joint Venture

In view of the growth prospects of the property market in Penang and the strategic location of the Land, the Proposed Joint Venture is in line with the Group's objective of expanding and strengthening its existing business of the development of residential and commercial properties.

The Proposed Joint Venture also represents an opportunity for the Group to increase its market presence in Penang through the acquisition of a sizable land bank with high development value potential by way of the Proposed Joint Venture.

The Proposed Development is expected to generate an estimate GDV of approximately RM10 billion over an estimated period of eight (8) years, which will in turn contribute positively to the Group's future revenue stream and financial performance in the future.

The Group believes that the Land is situated strategically to appeal to a wide spectrum of prospective purchasers due to the sea frontage, proximity to fairly new up-market residential developments, excellent road access and available connection to public amenities.

6.2 Proposed Provision of Financial Assistance

The potential financial assistance provided by the Group will enable TISB to raise the necessary financing expediently, for the Proposed Development. Upon successful development and sales arising from the Proposed Development, the earnings from TISB are expected to contribute positively to the future profits of the Group.

7. RISK FACTORS

7.1 Political, economic and regulatory risk

The Group's business is affected by the developments in the political, economic and regulatory conditions of Malaysia. These changes include, but are not limited to, changes in government policies, inflation, taxation, accounting policies, political stability and the performance of the Malaysian economy in light of global economic downturns. These types of risks may have an adverse effect on the property market in Malaysia, hence may have an adverse effect on the Group's business. In managing the above risks, the Group will ensure that proactive measures such as close monitoring of the Group's current projects developments in the property market and the domestic and global economy are undertaken. .

7.2 Competition risk

DIC's business is exposed to competition by other property developers and threats of new players entering the property development industry. To add further, the Group's current development plans in Bayan Mutiara is neighbouring several development projects involving the construction of upmarket detached houses, semi-detached houses, terraced houses and condominiums. These developments could result in a significant portion of unsold properties under the Proposed Development which in turn could adversely affect the Group's financial performance.

7.3 Interest rate risk

The Group's existing bank borrowings exposes the Group to fluctuations in interest rates. The Group's exposure to adverse interest rate movements will in turn have a negative effect on the Group's interest income and finance costs. Going further, fluctuations in interest rates may affect the Group's capability to service its existing borrowings and obtain new financing for future projects. Notwithstanding that the Board and the management team of the Group is experienced in managing risks deriving from exposure of interest rate movements, there is no assurance that such risks will adversely impact the Group's overall business.

7.4 Risks associated with joint ventures

In relation to the Proposed Joint Venture, the business goals and interests of the JV Shareholders may diverge over the course of implementation of the Proposed Development. In the course of the Proposed Development, the JV Shareholders may be unable to fulfill certain obligations under the JV Agreement or the PDA, experience difficulties in funding the Proposed Development or may disagree amongst each other as to the scope of their responsibilities under the JV Agreement and/or the PDA. Should any of these factors or disagreements between the JV Shareholders arise, there can be no assurance that such disagreements can be resolved in a manner favourable to DIC. To add further, these factors, which may be present in any joint venture agreements, could significantly affect the financial condition and results of operations of DIC.

7.5 Delay in project completion

The timely completion of the Proposed Development is dependent on many external factors, including inter-alia, obtaining the requisite approvals from the local and/or state government agencies or authorities as scheduled, the supply of labour, unfavourable weather conditions, changes in government policies or regulations, securing construction materials in adequate amounts and satisfactory performance of contractors appointed.

There can be no assurance that the above factors will cause significant delays in the completion of the Proposed Development, hence adversely affecting the Group's operations and profitability.

7.6 Compulsory acquisition by the Government

The Malaysian Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960. In such event, the amount of compensation to be awarded is based on the fair market value of the property and is assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. If the Land is acquired compulsorily by the Malaysian Government at a point in time when the market value of the Land is lower than the Land Price or RM240 per square foot (as the case may be), the compulsory acquisition could adversely affect the financial results of the Group.

8. EFFECTS OF THE PROPOSALS

(i) Share capital and substantial shareholders' shareholding

The Proposals will not have any effect on the issued and paid-up share capital of the Company and substantial shareholders' shareholding of the Company as the consideration for the Proposed Joint Venture will be satisfied entirely in cash and does not involve any issuance of shares in the Company.

(ii) Net assets ("NA") and gearing

As set out in Section 2.6 above, the Company intends to fund the Proposed Joint Venture through internally generated funds and/or bank borrowings. The exact mix of internally generated funds and/or bank borrowings will be determined by the management of the Company at a later stage, after taking into consideration the Group's gearing level, interest costs and internal cash requirements for its business operations.

For illustrative purposes, the proforma effects of the Proposed Joint Venture on the NA, NA per share and net gearing of the Group based on the audited consolidated financial statements of the Group as at 31 December 2010 are as follows:

	Audited as at 31 December 2010	After the Proposed Joint Venture
	RM'000	RM'000
Share capital	455,000	455,000
Reserves	443,836	443,836
Shareholders funds/NA	898,836	898,836
No. of shares of RM1.00 each ('000)	455,000	455,000
NA per share (RM)	1.98	1.98
Total borrowings	211,361	(1) 506,217
Net gearing (times)	net cash	0.30

Note:

(1) *As an illustration, assuming that the consideration of the Land Price is entirely funded by advances from TDPSB and IUSB and that the Group/TDPSB will not be nominated as the Builder for the Proposed Development pursuant to Section 2.2.6 above, the advances to be funded by each JV Shareholders shall be in proportion of 55%:45% in favour of TDPSB. This translates to an obligation by the Group to contribute RM589.712 million towards the Land Price ("DIC's Contribution"). Assuming 50% of DIC's Contribution will be financed via bank borrowings, the total borrowing of the Group will increase by approximately RM294.856 million*

(iii) Earnings and earnings per share

The Proposals will not have any material effect on the earnings and earnings per share of the DIC Group for the financial year ending 31 December 2011. However, the Proposed Joint Venture is expected to contribute positively to the earnings of the Group in the future.

9. APPROVALS REQUIRED

The Proposals is subject to the following approvals to be obtained:

- (i) approval by shareholders of DIC at an extraordinary general meeting to be convened; and
- (ii) any relevant authorities, if required.

In addition to the above, the Proposed Joint Venture is also subject to the approval by the shareholders of Ivory.

Nonetheless, in the event TISB becomes the subsidiary of the Group, details of which are mentioned in Section 3 of this announcement, prior to the extraordinary general meeting being held, the approval from the shareholders of the Company for the Proposed Provision for Financial Assistance will no longer be applicable.

Applications to the relevant authorities in respect of the Proposals shall be submitted within three (3) months from the date of this announcement.

The Proposed Provision of Financial Assistance is conditional upon the Proposed Joint Venture. The Proposals is not conditional upon any corporate exercise undertaken or to be undertaken by the Company.

10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Joint Venture pursuant to Chapter 10.02 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is approximately 65.81% based on the latest unaudited interim financial report of the Company as at 30 June 2011 which was reviewed by the external auditors.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the Directors and/or major shareholders of the Company and/or person connected with such Directors and/or major shareholders have any interest, direct or indirect in the Proposals.

12. DIRECTORS RECOMMENDATION

The Board, having considered all aspects of the Proposals, is of the opinion that the Proposals is in the best interest of the Company.

13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed in the end of 2016.

14. ADVISER

AFFIN Investment has been appointed as the Adviser to the Company for the Proposals.

15. DOCUMENTS FOR INSPECTION

A copy of the JV Agreement and the Valuation Report by Henry Butcher are available for inspection at the registered office of the Company at C-06-02, 6th Floor, Block C, Wisma TT, No. 1, Jalan PJS 8/15, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 11 November 2011.

Appendix I – Further details of the Land

Further details of the Land as set out in the Valuation Report by Henry Butcher are set out below:

	Parcel				
	A	B	C	D1	D
	Existing Land				Reclamation Land
Title	Individual titles in respect of the Land have not been issued yet				
Land area					
- acres	18	22	22	5.56	35
- sq. ft.	784,080	958,320	958,320	242,193.6	1,524,600
- square metres	72,843.41	89,030.84	89,030.84	22,500.52	141,639.97
Description	Landward	Landward	Landward	Foreshore	Foreshore
Tenure	Freehold			99-years leasehold	
Location	Mukim 13, District of Timur Laut, State of Pulau Pinang [#]				
Express Conditions	Pursuant to the PDA, the express conditions shall be consistent with the development to be constructed on the Land by TISB in accordance with the terms of the PDA and the Master Plan ⁺				
Category of Land Use	Designated for mixed development (residential-cum commercial) use ⁺				
Registered Owner	CMI [#]				
Net book value	Not available [^]				
Valuations	<p>An independent valuation was conducted by Henry Butcher in its Valuation Report, which applied the Comparison Method* to arrive at a market value of RM1,072,200,000 on an “as is” basis and subject to the forthcoming titles being good, registrable, marketable, free from all encumbrances, endorsements, statutory notices and outgoings.</p> <p>The basis of valuation adopted for the Land is the market value which is defined in the Malaysian Valuation Standard as “the estimated amount for which an asset should exchange on the date of valuation between “a willing buyer and a willing seller” in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.</p>				

Notes:

[#] Registration of ownership, official address, lot number(s) and title number(s) are pending formalization of title(s) by the CMI pursuant to the PDA. The Land shall be acquired free from all encumbrances and with vacant possession, but subject to conditions and restrictions in the PDA and all conditions and restrictions implied by the National Land Code, 1965. PDC and CMI had also given their undertaking to issue the Land with individual freehold titles upon satisfying the terms of the PDA.

^{*} Only one method of valuation has been applied as other alternative methods such as the Residual Method, Cost Method, Investment Method or Profit method are not applicable. This is due to the fact that the subject property comprises five (5) parcels of development land without any development approval or approved layout plan by the local authority as at the date of valuation.

The Comparison Method seeks to determine the value of the Land by comparing and adopting as a yardstick, recent sale evidences involving other similar properties in the vicinity. Adjustments have been made to the differences in location, size and shapes, accessibility, available infrastructure, improvements made on the site and other value considerations.

^ DIC is unable to disclose the net original cost, date of investment and book value of the Land as the Company is not privy to this information.

+ The present land use of the entire Bayan Mutiara, within which the Land is located, is designated for mixed development use. In accordance with the conditions of tender published by PDC in respect of the Land on 16 August 2010, the Proposed Development must consist of the following compulsory development components and should comply with the following mandatory planning considerations and planning requirements:

Compulsory Components Compulsory component of the Proposed Development under the PDA must consist of a Specialist Medical Centre and its related facilities as well as Grade A Prestigious Offices

Mandatory Planning Considerations

- The design layout must be based on and confined only to the total land area of the subject property and the existing infrastructure of the land
- Consideration must be given to the surrounding development especially the existing residential development and Pulau Jerejak Jetty
- The developer/owner of the subject property must grant a right of way, provide and eventually build a road access to the main primary intake for power supply by Tenaga Nasional Berhad.
- All development proposals must adhere to the rules, regulations, by-laws of Majlis Perbandaran Pulau Pinang and other relevant authorities.

Planning Requirement The Proposed Development should:

- Generate social economic and other related benefits to the State of Penang and PDC
- Complement its surrounding area and activities of global standard
- Allow continuous public access to the waterfront
- Have a high degree of sustainability
- Incorporate elements of Green Building Index

(Source: Valuation Report by Henry Butcher)

Information on the Proposed Development

The information of the Proposed Development is as follows:

Name of project	:	The Penang World City
Type of development	:	Mixed residential and commercial development
Total estimated development cost	:	No estimated development cost is available yet
Expected gross development profit	:	No expected gross development profit is available yet. However, the estimated GDV is expected to be approximately RM10 billion
Current stage or percentage of completion	:	Initial stages of planning
Status of approvals for development	:	No approval has yet to be obtained at this juncture
Source of funds to finance the development costs	:	The development cost is expected to be funded from the sales proceeds generated from the Proposed Development, bank borrowings to be raised by TISB and/or through advances from the JV Shareholders

APPROXIMATE LOCATION OF THE PROPOSED DEVELOPMENT

