

TITIJAYA LAND BERHAD
(Company No. 1009114-M)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE SIXTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT CLASSICS 2, LEVEL 3, CAPITAL BLOCK, HOLIDAY VILLA HOTEL & CONFERENCE CENTRE SUBANG, 9, JALAN SS12/1, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 29 NOVEMBER 2018 AT 10:00 A.M.

The Sixth Annual General Meeting of the Company was attended by all the Directors of the Company.

The following questions were raised during the Sixth Annual General Meeting which were duly responded and clarified by the Management and the Board:-

Agenda 1

Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors Reports thereon

(a) Bank Borrowings

A shareholder referred to the total bank borrowings of the Group amounting to RM545 million as at 30 June 2018, as reported in the Statements of Financial Position. The shareholder was concerned with the repayment of the bank borrowings based on the current reserves and profitability of the Group, particularly the short term secured and unsecured bank borrowings of RM197 million repayable within one to two years.

The Management clarified that it is a norm for property developers to fund the acquisition of land bank by way of bank borrowings as well as internally generated fund. The range of the borrowings is from RM100 to RM200 million, depending on the size of the land and repayment period is normally within 6 to 7 years. The drawdown of the bank borrowings is in a progressive manner according to the progress of a development project. As such, there is no immediate financial obligation of repaying the entire indebtedness within one year.

The Company had established an Islamic Commercial Papers ("**ICP**") Programme of up to RM150 million in nominal value. As at 30 June 2018, the Company had issued ICP of RM50 million in nominal value. The commercial paper is classified as a current liability and hence, the ICP of RM50 million has been included in the short term bank borrowings. However, the repayment period of ICP can be stretched over 12 months and rolled-over to the next series of issuance.

The Meeting was informed that the cash flows generated through the sale of developed properties, are being utilised for the repayment of bank borrowings and working capital requirements. The net gearing ratio of the Group has dropped from 26% to 19% against the sum of shareholders' equity. The current net gearing ratio of the Group is within healthy financial parameters in the context of financial landscape of a property development company.

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(Summary of key matters discussed at Sixth Annual General Meeting – cont'd)

(b) Irredeemable Convertible Preference Shares

A shareholder enquired the purpose of issuance of irredeemable convertible preference shares ("**ICPS**") and what are the salient features of the ICPS.

It was explained that the proceeds from the issuance of ICPS are mainly utilised to fund the property development expenditure and partial repayment of bank borrowings.

The issuance of ICPS has provided an opportunity for the existing shareholders of ordinary shares, to increase their equity participation in the Company by converting ICOS into new ordinary shares. Holders of ICPS have the options to convert either 10 ICPS into 1 new ordinary share or a combination of 1 ICPS and cash payment of RM1,486 for 1 new ordinary share. In addition, the dividends of the ICPS shall be paid in priority over the ordinary shares.

(c) Dividend Payout Ratio

A comment was raised on the low dividend payout ratio of the ordinary shares.

The Management responded that the Board has proposed a final single-tier ordinary dividend of RM3,361,062 in respect of the financial year ended 30 June 2018 to be paid on 27 December 2018, subject to shareholders' approval to be obtained at this AGM.

In recommending the payment of dividend, the Board would have to take into consideration the Group's business prospects, capital requirements and growth strategy. Having considered the ongoing expansion as highlighted in the presentation earlier, the Company needs to conserve sufficient liquidity to cover the working capital, borrowings as well as payment of borrowings, interests and other capital expenditure for the next few years.

The Board would endeavour to provide stable and sustainable dividends to shareholders, with due consideration of the increase in earnings visibility envisaged for the next few years.

For the rest of the items on the Agenda, there were no questions raised by the shareholders at the Sixth Annual General Meeting of the Company.

All the resolutions tabled at the Sixth Annual General Meeting were duly passed by way of poll, the results of which had been announced to Bursa Malaysia Securities Berhad on 29 November 2018.