

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

- **PROPOSED RIGHTS ISSUE OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES;**
 - **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND**
 - **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF TLB**
-

1. INTRODUCTION

On behalf of the Board of Directors of TLB (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce that the Company proposes to undertake the following proposals:

- (i) proposed renounceable rights issue of up to 614,999,899 new irredeemable convertible preference shares of RM0.05 each in TLB (“**ICPS**”) on the basis of three (3) ICPS for every two (2) existing ordinary shares of RM0.50 each in TLB (“**TLB Share**” or “**Share**”) held at an entitlement date to be determined later (“**Entitlement Date**”) (“**Proposed Rights Issue of ICPS**”);
- (ii) proposed increase in the authorised share capital of TLB from RM300,000,000 comprising 500,000,000 TLB Shares and 100,000,000 redeemable convertible preference shares of RM0.50 each in TLB (“**RCPS**”) to RM1,000,000,000 comprising 1,800,000,000 TLB Shares, 100,000,000 RCPS and 1,000,000,000 ICPS to facilitate the Proposed Rights Issue of ICPS (“**Proposed Increase in Authorised Share Capital**”); and
- (iii) proposed amendments to the Memorandum and Articles of Association of TLB (“**M&A**”) to facilitate the Proposed Rights Issue of ICPS and the Proposed Increase in Authorised Share Capital (“**Proposed Amendments**”)

(collectively referred to as the “**Proposals**”).

2. DETAILS OF THE PROPOSALS

2.1 PROPOSED RIGHTS ISSUE OF ICPS

The Proposed Rights Issue of ICPS entails the issuance of up to 614,999,899 ICPS on the basis of three (3) ICPS for every two (2) existing TLB Shares held by the shareholders of TLB whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date (“**Entitled Shareholders**”).

The basis of three (3) ICPS for every two (2) existing TLB Shares was arrived at after taking into consideration, among others, the following:

- (i) the indicative issue price of the ICPS of RM0.165 each, as detailed in Section 2.1.1 of this announcement;
- (ii) the funding requirements of TLB and its subsidiaries (“**TLB Group**” or “**Group**”), as detailed in Section 3 of this announcement; and
- (iii) the rationale for the Proposed Rights Issue of ICPS, as set out in Section 4.1 of this announcement.

For illustrative purposes only, the maximum number of 614,999,899 ICPS were arrived based on the enlarged issued and paid-up share capital of TLB of RM204,999,966.50 comprising 409,999,933 TLB Shares after taking into consideration the following:

- (i) the existing issued and paid-up share capital of TLB as at 25 August 2016 (being the latest practicable date prior to this announcement (“**LPD**”)) of RM183,333,333.50 comprising 366,666,667 TLB Shares (excluding the 20,000,000 outstanding RCPS (“**Outstanding RCPS**”));
- (ii) assuming the issuance of up to 36,666,600 new TLB Shares pursuant to the private placement which was approved by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 27 June 2016 (“**Private Placement**”) prior to the Entitlement Date; and
- (iii) assuming full conversion of the 20,000,000 Outstanding RCPS into 6,666,666 new TLB Shares prior to the Entitlement Date.

The actual number of ICPS to be offered will only be determined on the Entitlement Date. The entitlements for the ICPS are renounceable in full or in part. The ICPS which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s) (if applicable). It is the intention of the Board to allocate the excess ICPS in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

2.1.1 Basis of determining and justification for the issue price of the ICPS

The issue price of the ICPS shall be determined by the Board at a later date.

For illustrative purposes only, the indicative issue price of RM0.165 each for the ICPS is determined after taking into consideration the following:

- (i) the five (5)-day volume weighted average market price (“**5D-VWAP**”) of TLB Shares up to and including the LPD of RM1.5913;
- (ii) the par value of each TLB Share of RM0.50;
- (iii) the conversion ratio of the ICPS which have been fixed at either ten (10) ICPS to be converted into one (1) TLB Share or a combination of one (1) ICPS and indicative cash payment of RM1.485 for one (1) TLB Share (“**Conversion Ratio**” and “**Conversion Price**”);
- (iv) the rationale for the Proposed Rights Issue of ICPS as set out in Section 4.1 of this announcement; and
- (v) the funding requirements of the Group, as detailed in Section 3 of this announcement.

The indicative Conversion Price of RM1.65 for the ICPS into one (1) TLB Share represents a premium of approximately RM0.0587 or 3.69% over the theoretical ex-rights price (“**TERP**”) of RM1.5913 per TLB Share, calculated based on the 5D-VWAP of TLB Shares up to and including the LPD of RM1.5913 per TLB Share. The TERP is based on the conversion ratio of ten (10) ICPS to be converted into one (1) new TLB Share.

The Conversion Price will provide the Entitled Shareholders with an opportunity to further increase their equity participation in the Company at a predetermined price.

2.1.2 Indicative salient terms of the ICPS

The indicative salient terms of the ICPS are as follows:

Terms	Details
Issue size	: Up to 614,999,899 ICPS.
Issue price	: RM0.165 per ICPS.

Terms	Details
Par value	: RM0.050 per ICPS.
Dividend rate	: TLB has full discretion over the declaration of dividends, if any, and over the dividend rate which will be calculated based on the par value of the ICPS. Dividends declared and payable annually in arrears are non-cumulative. The dividends of the ICPS shall be paid in priority over the ordinary shares of the Company. For avoidance of doubt, the RCPS holder is not entitled to any dividend as the RCPS bears zero dividend rate.
Tenure	: Five (5) years commencing from and inclusive of the date of issuance of the ICPS.
Maturity date	: The day immediately preceding the fifth (5 th) anniversary from the date of issuance of the ICPS. If such day falls on a non-market day, then the maturity date would be the preceding market day.
Redemption	: Not redeemable for cash.
Board lot	: For the purpose of trading on Bursa Securities, one (1) board lot of ICPS shall comprise one hundred (100) ICPS, or such other denomination as determined by Bursa Securities from time to time.
Form and denomination	: The ICPS will be issued in registered form and will be constituted by the Company's M&A.
Conversion rights	: (a) Each ICPS carries the entitlement to convert into new TLB Shares at the Conversion Ratio through the surrender of the ICPS. (b) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. (c) If the conversion results in a fractional entitlement to ordinary shares of the Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
Conversion period	: (a) The ICPS can be converted at any time within five (5) years commencing on and including the date of issuance of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price. (b) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new TLB Shares at the conversion ratio of ten (10) ICPS to be converted into one (1) new TLB Share.

Terms	Details
Conversion Ratio and Conversion Price	: The Conversion Ratio and Conversion Price have been fixed at either ten (10) ICPS to be converted into one (1) new TLB Share or a combination of one (1) ICPS and cash payment of RM1.485 for one (1) new TLB Share.
Ranking of the ICPS and liquidation preference	: The ICPS shall rank <i>pari passu</i> amongst themselves and TLB's existing RCPS but shall rank in priority to the ordinary shares in the capital of the Company. In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital: <ul style="list-style-type: none"> (a) The ICPS shall confer on the holders the rights to receive in priority to the holders of ordinary shares in TLB, cash repayment in full of the amount of any non-cumulative preferential dividend that has been declared and remaining in arrears. After the payment of any dividends to the holders of ICPS, the remaining assets shall be distributed first to the holders of ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of TLB. (b) In the event that TLB has insufficient assets to permit payment of the full issue price to the ICPS holders, the assets of TLB shall be distributed pro rata on an equal priority, to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive.
Ranking of new TLB Shares to be issued pursuant to the conversion of the ICPS	: All new TLB Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank <i>pari passu</i> in all respects with the existing TLB Shares except that such new TLB Shares shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of allotment and issuance of the new TLB Shares arising from the conversion of the ICPS.
Adjustment to Conversion Price and Conversion Ratio	: The Conversion Price and/or Conversion Ratio will be adjusted at the determination of TLB, in all or any of the following cases: <ul style="list-style-type: none"> (a) an alteration to the par value of TLB Shares by reason of consolidation or subdivision; or (b) a bonus issue of fully paid-up ordinary shares by TLB or any other capitalisation issue for accounting purposes; or (c) a capital distribution to shareholders made by TLB whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or (d) a rights issue of ordinary shares by TLB; or (e) any other circumstances that the Board deems necessary,

Terms**Details**

provided that any adjustment to the Conversion Price will be rounded down to the nearest one sen (RM0.01) and under no circumstances shall any adjustment result in the Conversion Price falling below the par value of TLB Shares. No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the external auditors of TLB.

Rights of the ICPS holders

: The ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in the Company except in the following circumstances until and unless such holders convert their ICPS into new Shares:

- (a) when the dividend or part of the dividend on the ICPS is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for sanctioning the sale of the whole of the Company's property, business and undertaking;
- (d) on a proposal that directly affects their rights and privileges attached to the ICPS;
- (e) on a proposal to wind-up the Company; and
- (f) during the winding-up of the Company.

Listing

: The ICPS will be listed and traded on the Main Market of Bursa Securities. Approval will be obtained from Bursa Securities for the admission of the ICPS to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS and the new TLB Shares to be issued pursuant to the conversion of the ICPS on the Main Market of Bursa Securities.

Transfer

: The ICPS will be transferable only by instrument in writing in the usual or common form or such other form as the Directors of TLB and the relevant authorities may approve. As the ICPS will be listed on and traded on the Main Market of Bursa Securities, they will be deposited in a central depository system and will be subject to the rules of such system.

Modification of rights

: The Company may from time to time with the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of the Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.

Governing law

: The laws of Malaysia.

2.1.3 Ranking of the new TLB Shares to be issued pursuant to the conversion of the ICPS

The new TLB Shares to be issued arising from the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing TLB Shares, save and except that the new TLB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new TLB Shares arising from the conversion of the ICPS.

2.1.4 Listing and quotation

An application will be made to Bursa Securities for the admission of the ICPS to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS and the new TLB Shares to be issued pursuant to the conversion of the ICPS on the Main Market of Bursa Securities.

2.1.5 Minimum subscription level and shareholder's undertaking

The Proposed Rights Issue of ICPS will be implemented based on a minimum level of subscription of 353,192,500 ICPS ("**Minimum Subscription Level**"). Based on the indicative issue price of RM0.165 per ICPS, the Company will raise a minimum gross proceed of RM58.28 million from the issuance of 353,192,500 ICPS pursuant to the Proposed Rights Issue of ICPS.

The Minimum Subscription Level was determined by the Board after considering, among others, the funding requirements of TLB Group as set out in Section 3 of this announcement.

In order to achieve the Minimum Subscription Level, the Company has obtained a written unconditional and irrevocable undertaking dated 26 August 2016 from the controlling shareholder of TLB, namely Titijaya Group Sdn Bhd ("**TGSB**" or "**Undertaking Shareholder**"), that it will not dispose any of its TLB Shares following the date of this announcement up to the entitlement date of the Proposed Rights Issue of ICPS, and also that it will subscribe in full for its entitlement of 353,192,500 ICPS ("**Undertaking**").

In the event the Minimum Subscription Level is not achieved for whatever reason, the Company will abort the Proposed Rights Issue of ICPS. All subscription monies received in respect of the Proposed Rights Issue of ICPS will be refunded without interest and despatched to all subscribing parties within fifteen (15) market days from the last date for acceptance and payment.

Details of the Undertaking based on the Minimum Subscription Level are as follows:

Undertaking Shareholder	As at the LPD		ICPS Entitlement	
	No. of TLB Shares held	%	No. of ICPS	% ⁽¹⁾
TGSB	235,461,667	64.22	353,192,500	64.22

Note:

(1) Percentage is calculated based on 550,000,000 ICPS available for subscription under the Proposed Rights Issue of ICPS based on the existing issued and paid-up share capital of TLB as at the LPD of RM183,333,333.50 comprising 366,666,667 TLB Shares (excluding the Outstanding RCPS).

In view that the Minimum Subscription Level can be achieved via the Undertaking, no underwriting arrangement will be made for the balance of the ICPS for which no irrevocable undertaking to subscribe has been obtained.

After taking into consideration of the Undertaking, the subscription of the ICPS by the Undertaking Shareholder will not give rise to any consequences of mandatory general offer obligations pursuant to the Malaysian Code on Take-Overs and Merger 2016 (“Code”). In addition, the Undertaking Shareholder has undertaken to observe and comply at all times with the provisions of the Code.

2.2 PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the LPD, the authorised share capital of the Company is RM300,000,000 comprising 500,000,000 TLB Shares and 100,000,000 RCPS, of which RM193,333,333.50 comprising 366,666,667 TLB Shares and 20,000,000 RCPS have been issued and fully paid-up.

In order to accommodate the creation of the ICPS pursuant to the Proposed Rights Issue of ICPS and the issuance of new TLB Shares arising from the conversion of the ICPS, the Company proposes to increase its authorised share capital from RM300,000,000 comprising 500,000,000 TLB Shares and 100,000,000 RCPS to RM1,000,000,000 comprising 1,800,000,000 TLB Shares, 100,000,000 RCPS and 1,000,000,000 ICPS.

2.3 PROPOSED AMENDMENTS

The Proposed Amendments entail the consequential amendments to the M&A of TLB to facilitate the following:

- (i) issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS;
- (ii) issuance of the new TLB Shares pursuant to the conversion of the ICPS; and
- (iii) increase in the authorised share capital of the Company.

3. UTILISATION OF PROCEEDS

Based on the indicative issue price of RM0.165 per ICPS, the gross proceeds from the Proposed Rights Issue of ICPS will be utilised in the following manner based on the scenarios as illustrated below:

Minimum Scenario : Assuming none of the Outstanding RCPS is converted into TLB Shares and the Private Placement will not be implemented prior to the Proposed Rights Issue of ICPS, and only the Undertaking Shareholder fully subscribes for its ICPS entitlement based on its Undertaking.

Maximum Scenario : Assuming all of the Outstanding RCPS are converted into TLB Shares and full implementation of the Private Placement prior to the Proposed Rights Issue of ICPS, and all the Entitled Shareholders subscribe for their ICPS entitlements of the Proposed Rights Issue of ICPS.

	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for the utilisation of proceeds (from the date of listing of the ICPS)
Property development expenditure	(1)	57,627	70,825	Within 24 months
Partial repayment of bank borrowings	(2)	-	30,000	Within 12 months
Estimated expenses in relation to the Proposed Rights Issue of ICPS	(3)	650	650	Within 1 month
Total gross proceeds		58,277	101,475	

Notes:

- (1) TLB Group intends to utilise up to RM70.83 million of the proceeds to fund its existing property development projects. Such utilisation will include, amongst others, the sales and marketing expenses, payment to contractors and consultants, and payment to the relevant authorities for the permits as well as approvals required.

The Board envisages that the proceeds will mainly be utilised for the Group's existing projects as follows:

(i) H20

H20 is located in Ara Damansara, Petaling Jaya, Selangor with an estimated gross development value ("GDV") and gross development cost ("GDC") of RM750 million and RM510 million, respectively which will provide an estimated gross profit of RM240 million over a period of four (4) years. H20 consists of four (4) blocks of service apartments with an aggregate of 1,357 units. Based on the latest architect's certification on 19 August 2016, the percentage of completion of H20 was approximately 24% and is expected to complete by end of 2018.

(ii) Emery

Emery is located in Kemensah, Ampang, Kuala Lumpur with an estimated GDV and GDC of RM150 million and RM120 million, respectively which will provide an estimated gross profit of RM30 million over a period of two (2) years. Emery consists of 50 units of semi-detached house. Based on the latest architect's certification on 24 August 2016, the percentage of completion of Emery was approximately 15% and is expected to complete by mid of 2017.

The allocation of funding for the above-mentioned projects and other existing projects will be determined over the progress of the projects based on their status and the estimated cost required then. In the event of, among others, any termination of and/or delays in the above-mentioned projects, the surplus arising therefrom will be adjusted to the proceeds allocated for other existing property development projects and/or future projects of the Group, depending on their respective funding requirements.

The Group intends to fund any shortfall in the property development expenditure via internally-generated fund and/or bank borrowings.

- (2) The Company intends to utilise up to RM30.00 million of the proceeds to partially repay the bank borrowings of TLB Group.

As at 30 June 2016 (based on the latest available bank statements of the Group), TLB Group's total bank borrowings were approximately RM205.88 million, comprising term loan, bank overdrafts and hire purchase payables. The breakdown of the utilisation of proceeds for partial repayment of the bank borrowings is as follows:

Type of bank borrowings	Balance as at 30 June 2016 RM'000	Proposed utilisation RM'000	Average interest rate (%)	Annual interest savings RM'000
Term loans	175,479	148	6.57	10
Bank overdrafts	29,852	29,852	8.44	2,520
Hire purchase payables	550	-	5.36	-
Total	205,881	30,000		2,530

- (3) The estimated expenses consist of professional fees, fees payable to the relevant authorities, expenses to convene extraordinary general meeting ("EGM"), printing, advertising and other ancillary expenses. Any surplus or shortfall for the estimated expenses in relation to the Proposals will be adjusted accordingly to/from the funding for property development expenditure of the Group.

The actual gross proceeds to be raised from the Proposed Rights Issue of ICPS are dependent on the actual number of ICPS to be issued. Any variation in the actual gross proceeds raised will be adjusted against the proceeds allocated for property development expenditure and/or partial repayment of bank borrowings of the Group.

Pending utilisation of the proceeds from the Proposed Rights Issue of ICPS for the abovementioned purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments as the Board may deem fit. The interests derived from the deposits with the financial institutions or any gain arising from the short-term money market instruments will be used as working capital of the Group. This would include staff costs, other administration and operating expenses such as professional fees as well as marketing and promotional activities for the Group's property development projects.

The exact quantum of proceeds that may be raised by TLB pursuant to the conversion of the ICPS will depend upon the actual number of ICPS converted during the tenure of the ICPS as well as the Conversion Ratio and Conversion Price.

The proceeds to be raised from the conversion of ICPS shall be utilised for the working capital of the Group, of which the exact timeframe and the breakdown for the utilisation cannot be determined at this juncture.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Rights Issue of ICPS

After due consideration of the various methods of fund raising available, the Board is of the opinion that the Proposed Rights Issue of ICPS is currently an appropriate avenue as:

- (i) it allows the Company to raise funds without the need to service immediate interest payments as compared to bank borrowings;
- (ii) it enables the Group to raise funds for purposes as set out in Section 3 of this announcement, mainly to fund its property development expenditure and partial repayment of bank borrowings (under the Maximum Scenario), which are expected to contribute positively to the future earnings of the Group;
- (iii) the issuance of ICPS minimises the immediate dilution effect on the earnings per TLB Share ("EPS"), which would otherwise have an immediate upfront impact if the fund-raising exercise was a rights issuance of ordinary shares instead, as the ICPS are expected to be converted over a period of time, i.e., during the conversion period of the ICPS;
- (iv) the issuance of ICPS will allow the Company to have discretion in declaring dividends for the ICPS depending on the Group's future profitability and cash flows without being burdened by a fixed funding cost;
- (v) it provides an opportunity for the existing shareholders of TLB to increase their equity participation in the Company by converting the ICPS into new TLB Shares; and
- (vi) the Undertaking will allow the Undertaking Shareholder of the Company to extend its support for the Proposed Rights Issue of ICPS which will facilitate the Group to raise the required funds without incurring underwriting costs.

4.2 Proposed Increase in Authorised Share Capital

The Proposed Increase in Authorised Share Capital is intended to increase the Company's existing authorised share capital to a level sufficient to accommodate the increase in the number of TLB Shares arising from the conversion of the ICPS as well as the creation of ICPS pursuant to the Proposed Rights Issue of ICPS.

4.3 Proposed Amendments

The Proposed Amendments are intended to facilitate the issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS and the Proposed Increase in Authorised Share Capital.

5. INDUSTRY OUTLOOK AND PROSPECTS

5.1 Overview of the Malaysian economy

The Malaysian economy grew by 5.0% in 2015 (2014: 6.0%), supported by the continued expansion of domestic demand (2015: 5.1%, 2014: 5.9%). Domestic demand was primarily driven by the private sector. Modest improvements in external demand in the second (2nd) half of the year also provided additional impetus to economic growth.

Private consumption continued to expand, albeit at a more moderate pace as households adjusted their spending to the higher cost of living arising from the implementation of Malaysian goods and services tax (“GST”), adjustments in administrative prices, and the depreciation in the ringgit. Nevertheless, households received some support from the higher cash transfers under the Bantuan Rakyat 1Malaysia scheme, the reduction in individual income tax rates for the 2015 assessment year and savings derived from lower domestic fuel prices during the year. Household spending was also supported by continued income growth and stable labour market conditions. Public consumption recorded a sustained growth of 4.3% in 2015 (2014: 4.4%), reflecting the continued efforts by the Government to provide support to growth, while remaining committed to the steady reduction in the fiscal deficit.

On the supply side, all major economic sectors registered more moderate growth, with the exception of the mining sector. The moderation reflected the slower expansion of activity in industries catering to domestic demand. However, export-oriented manufacturing and trade-related services benefited from the modest improvement in external demand.

Overall, the Malaysian economy is expected to grow by 4 – 4.5% in 2016 (2015: 5.0%). Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. The pace of expansion in domestic demand, however, is expected to be more moderate amid ongoing adjustments by consumers and investors to the challenging economic environment. Private consumption growth is projected to trend below its long-term average, as households continue to make expenditure adjustments in response to the lingering effects of the GST implementation, and changes in administered prices. Household spending will also be affected by weaker consumer sentiments due to the uncertain conditions in the labour and financial markets. These moderating effects, however, will be partially offset by continued growth in income, employment and some support from Government measures targeted at enhancing households’ disposable income. In an environment of prolonged uncertainty and cautious business sentiments, private investment growth is projected to be less buoyant compared to its performance over the past five years, when it registered an average growth of 12.2%. Private sector capital spending is expected to be underpinned by the implementation of ongoing and new investment projects in the manufacturing and services sectors.

(Source: BNM Annual Report 2015, BNM)

The Malaysia economy registered a growth of 4.0% in the second (2nd) quarter of 2016 (1Q 2016: 4.2%). Despite the stronger expansion in domestic demand, growth was weighed down by the continued decline in net exports and a significant drawdown in stocks. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 0.7% (1Q 2016: 1.0%).

(Source: Economic and Financial Developments in the Malaysia Economy in the Second (2nd) Quarter of 2016, BNM)

5.2 Overview and outlook of the construction and property development industries in Malaysia

The construction sector grew at a moderate pace in 2015 (8.2%; 2014: 11.8%), due mainly to the slower growth in the residential sub-sector. Construction activity in the residential sub-sector was affected by fewer property launches during the year. Nonetheless, growth in the civil engineering sub-sector picked up, reflecting the progress of existing infrastructure projects as well as the commencement of a large petrochemical project in Johor. Growth in the construction sector was also supported by the non-residential sub-sector, which was underpinned by projects in both the industrial and commercial property segments.

(Source: BNM Annual Report 2015, BNM)

Market volume recorded at 362,105 transactions worth RM149.9 billion in 2015, down by a marginal 5.7% in volume and 8.0% in value against 2014. The residential sub-sector continued to lead the overall market, with 65.2% contribution in volume and 49.0% in value. However, the sub-sector recorded a slight downturn by 4.6% in volume and correspondingly down in value by 10.5%. The commercial, industrial, agriculture and development land sub-sectors were also on moderating path, down by 10.6%, 13.0%, 7.5% and 2.4% respectively.

The economic and financial environment, both local and global, will be even more challenging in 2016. This has led to the recalibration of 2016 Annual Budget in order to ensure that Malaysia remains firm to brave the forthcoming uncertainties.

Property sector will be able to endure this challenging period with adjustments and corrections expected from both the demand and supply side. Although property sector may see moderation in market activity, the slowdown would still be manageable. Furthermore, there are several infrastructure projects, i.e. public transport networks, which are game-changers that will help to boost values in areas where the networks run.

(Source: Malaysian Property Market 2015, National Property Information Centre, Valuation and Property Services Department, Ministry of Finance Malaysia)

The specialised construction activities subsector expanded by 8.9% in the first (1st) quarter of 2016 (Q4 2015: 4.6%) supported by earthworks and piling projects in Johor, Kuala Lumpur and Pahang. The residential subsector posted a growth of 4.9% in the first (1st) quarter of 2016 (Q4 2015: 5.7%) aided by government initiatives on affordable housing as well as high-end housing projects particularly in Johor and Kuala Lumpur. The non-residential subsector grew at a slower pace of 0.4% in the first (1st) quarter of 2016 (Q4 2015: 0.5%) partly due to the completion of health and education related projects. The private sector continued to dominate construction activity with a share of 66.1% during the first (1st) quarter of 2016.

(Source: Quarterly update on the Malaysian Economy – 1st Quarter 2016, Ministry of Finance Malaysia)

The construction sector grew by 8.8% in the second quarter (1Q 2016: 7.9%), driven by the civil engineering sub-sector. Growth in the civil engineering sub-sector was stronger, underpinned by petrochemical, transport and utility-related projects. In the special trade sub-sector, growth was sustained, supported by early-work activity such as site clearance and piling activity. The residential sub-sector expanded at a faster pace during the quarter, reflecting higher construction activity of both high-end and affordable housing projects. In the non-residential sub-sector, growth weakened further following slower construction activity in the commercial property, especially in the office space segment.

(Source: Economic and Financial Developments in Malaysian Economy in the Second (2nd) Quarter of 2016, BNM)

5.3 Prospect of TLB Group

The TLB Group is principally involved in property development and investment holdings. As the property sector in year 2016 encounter a challenging period ahead with adjustments and corrections expected from both the demand and supply sides, the TLB Group will stride cautiously in its operations.

Notwithstanding the slowdown in the property industry, the Government's initiatives on affordable housing as well as high-end housing projects particularly in Johor and Kuala Lumpur have aided the property market. In addition, the recent infrastructure projects undertaken by the Government of Malaysia is also expected to open up more opportunities for the property industry as convenient accessibility is one of the key factors for property buyers.

TLB Group has also undertaken the following to expand its footprint beyond Klang Valley such as to Penang:

- (i) City Meridian Development Sdn Bhd, a wholly-owned subsidiary of TLB had respectively on 21 May 2014 and 19 January 2015, entered into a conditional sale and purchase agreement and a supplemental agreement with TGSB to acquire a piece of leasehold land located at Penang for a cash consideration of RM126 million. As at the LPD, the acquisition is pending completion.

Nevertheless, the Group's intention is to remain focused on its property development plans in Greater Kuala Lumpur. The TLB Group has been exploring expansion opportunities via the following avenues:

- (i) to enter into joint ventures to undertake new property development projects;
- (ii) to acquire company(ies) involved in property development business and/or with land banks for future development; and/or
- (iii) to acquire potential land banks for the Group's future development.

Taking into consideration the potential costs involved in implementing the above, TLB Group had on 13 June 2016 announced the Private Placement* to fund its potential property development plans.

In addition, the TLB Group is adopting a more prudent management on its property development business by, amongst others, undertaking efforts to reduce its reliance on bank borrowings. The Proposed Rights Issue of ICPS will be an avenue for the TLB Group to continue its growth in the property development industry while reducing its reliance on financing via bank borrowings as high financing costs will lower the profits of TLB Group. In this regard, under the Maximum Scenario, the TLB Group expects to have recurring interest savings of approximately RM2.53 million per annum arising the partial repayment of bank borrowings (as set out in Section 3 of this announcement) and reduce the Group's credit risk exposure. This in turn will accord the management of the TLB Group greater flexibility in managing its operations and undertaking business strategies for the Group's future growth.

Premised on the above, the Board of TLB is of the opinion that the prospects of the TLB Group are expected to be positive in the future.

Note:

* *As at the LPD, the Private Placement has not been implemented and TLB is the midst of identifying potential placees.*

6. EFFECTS OF THE PROPOSALS

The Proposed Increase in Authorised Share Capital and Proposed Amendments will not have any effect on the issued and paid-up share capital (excluding the Outstanding RCPS) of the Company, net assets (“NA”), gearing and earnings of the TLB Group, EPS as well as the substantial shareholders’ shareholdings in the Company.

6.1 Issued and paid-up share capital (excluding the Outstanding RCPS)

The pro forma effects of the Proposed Rights Issue of ICPS on the issued and paid-up share capital of TLB are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of TLB Shares	RM	No. of TLB Shares	RM
Issued and paid-up share capital as at the LPD	366,666,667	183,333,334	366,666,667	183,333,334
To be issued pursuant to the Private Placement	-	-	36,666,600	18,333,300
To be issued pursuant to the full conversion of the Outstanding RCPS	366,666,667	183,333,334	403,333,267	201,666,634
	-	-	6,666,666	3,333,333
To be issued pursuant to the full conversion of ICPS	366,666,667	183,333,334	409,999,933	204,999,967
	35,319,250 ⁽¹⁾	17,659,625	614,999,899 ⁽²⁾	307,499,950
Enlarged issued and paid-up share capital	401,985,917	200,992,959	1,024,999,832	512,499,917

Notes:

(1) Assuming the Conversion Ratio of ten (10) ICPS for one (1) new TLB Share.

(2) Assuming the Conversion Ratio of a combination of one (1) ICPS and indicative cash payment of RM1.485 for one (1) new TLB Share.

[This rest of this page has been intentionally left blank]

6.2 NA and gearing

The pro forma effects of the Proposed Rights Issue of ICPS on the NA and gearing of TLB Group based on the audited consolidated financial statements of TLB as at 30 June 2015 are as follows:

Minimum Scenario

	(Audited) As at 30 June 2015 (RM)	(I) After subsequent events up to the LPD ⁽¹⁾ (RM)	(II) After (I) and the Proposed Rights Issue of ICPS (RM)	(III) After (II) and assuming full conversion of ICPS (RM)
Share capital	176,666,666	183,333,334	183,333,334	200,992,959
Share premium	92,957,117	108,614,240	108,614,240	148,581,378 ⁽³⁾
Treasury shares	(41,566)	-	-	-
Reserve arising from reverse acquisition	(47,425,855)	(47,425,855)	(47,425,855)	(47,425,855)
Equity component of RCPS	7,432,614	2,489,927	2,489,927	2,489,927
Equity component of ICPS	-	-	57,626,763 ⁽²⁾	-
Retained earnings	245,282,691	227,140,730	227,140,730	227,140,730
Shareholders' funds / NA	474,871,667	474,152,376	531,779,139	531,779,139
No. of TLB Shares in issue	353,311,333*	366,666,667	366,666,667	401,985,917
NA per TLB Share (RM)	1.34	1.29	1.45	1.32
Total borrowings (RM)	158,491,648	158,491,648	158,491,648	158,491,648
Gearing (times)	0.33	0.33	0.30	0.30

Notes:

* Excluding 22,000 treasury shares as at 30 June 2015.

(1) Taking into consideration of the following:

- (a) the conversion of 20,000,000 RCPS on 21 August 2015 and 3 August 2016 respectively;
- (b) 3,126,800 TLB Shares bought back from open market for a total consideration of RM4,702,507 by the Company;
- (c) disposal of 450,000 treasury shares, 1,500,000 treasury shares and 1,198,800 treasury shares at RM1.56, RM1.55 and RM1.56, respectively in the open market; and

- (d) final single-tier dividend of RM0.045 per TLB Share amounting to RM16,117,860 in respect of financial year ended 30 June 2015 paid on 15 December 2015.
- (2) Arising from the issuance of 353,192,500 ICPS at the indicative issue price RM0.165 each and after deducting the estimated expenses of RM650,000 for the Proposals.
- (3) Assuming full conversion of 353,192,500 ICPS at the Conversion Ratio of ten (10) ICPS for one (1) new TLB Share.

Maximum Scenario

	(Audited) As at 30 June 2015 (RM)	(I) After subsequent events up to the LPD ⁽¹⁾ (RM)	(II) After (I) and the Private Placement (RM)	(III) After (II) and assuming full conversion of the Outstanding RCPS (RM)	(IV) After (III) and the Proposed Rights Issue of ICPS (RM)	(V) After (IV) and assuming full conversion of ICPS (RM)
Share capital	176,666,666	183,333,334	201,666,634	204,999,967	204,999,967	512,499,917
Share premium	92,957,117	108,614,240	142,474,178 ⁽²⁾	151,045,023	151,045,023	857,644,906 ⁽⁴⁾
Treasury shares	(41,566)	-	-	-	-	-
Reserve arising from reverse acquisition	(47,425,855)	(47,425,855)	(47,425,855)	(47,425,855)	(47,425,855)	(47,425,855)
Equity component of RCPS	7,432,614	2,489,927	2,489,927	-	-	-
Equity component of ICPS	-	-	-	-	100,824,983 ⁽³⁾	-
Retained earnings	245,282,691	227,140,730	227,140,730	227,140,730	227,140,730	227,140,730
Shareholders' funds / NA	474,871,667	474,152,376	526,345,614	535,759,865	636,584,848	1,549,859,698
No. of TLB Shares in issue	353,311,333*	366,666,667	403,333,267	409,999,933	409,999,933	1,024,999,832
NA per TLB Share (RM)	1.34	1.29	1.31	1.31	1.55	1.51
Total borrowings (RM)	158,491,648	158,491,648	158,491,648	158,491,648	128,491,648	128,491,648
Gearing (times)	0.33	0.33	0.30	0.30	0.20	0.08

Notes:

* Excluding 22,000 treasury shares as at 30 June 2015.

(1) Taking into consideration of the following:

(a) the conversion of 20,000,000 RCPS on 21 August 2015 and 3 August 2016 respectively;

(b) 3,126,800 TLB Shares bought back from open market for a total consideration of RM4,702,507 by the Company;

- (c) disposal of 450,000 treasury shares, 1,500,000 treasury shares and 1,198,800 treasury shares at RM1.56, RM1.55 and RM1.56, respectively in the open market; and*
- (d) final single-tier dividend of RM0.045 per TLB Share amounting to RM16,117,860 in respect of financial year ended 30 June 2015 paid on 15 December 2015.*
- (2) After the Private Placement at an issuance price of RM1.43 each and deducting the estimated expenses of RM240,000 for the Private Placement.*
- (3) Arising from the issuance of 614,999,899 ICPS at the indicative issue price of RM0.165 each and after deducting the estimated expenses of RM650,000 for the Proposals.*
- (4) Assuming full conversion of 614,999,899 ICPS at the Conversion Ratio of one (1) ICPS and indicative cash payment of RM1.485 for one (1) new TLB Share.*

6.3 Earnings and EPS

The Proposed Rights Issue of ICPS is not expected to have an immediate material effect on the consolidated earnings and EPS of TLB Group for the financial year ended 30 June 2016 and financial year ending 30 June 2017 as the Proposed Rights Issue of ICPS is only expected to be completed in the first (1st) quarter of 2017 whilst the proceeds to be raised are expected to be utilised within twenty-four (24) months from the date of the listing of the ICPS. However, the Proposed Rights Issue of ICPS is expected to contribute positively to the future earnings of the Group when the benefits of the utilisation of proceeds are realised.

TLB's EPS shall be correspondingly diluted as a result of the increase in the number of TLB Shares in issue arising from the conversion of the ICPS in the future.

The effect of any conversion of the ICPS on the Company's consolidated EPS would be dependent on the conversion ratio chosen for the ICPS and the returns generated by the Group from the utilisation of proceeds arising from the Proposed Rights Issue of ICPS and/or conversion of the ICPS with cash option.

[This rest of this page has been intentionally left blank]

6.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Rights Issue of ICPS on the shareholdings of the substantial shareholders of TLB as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD				(I) After the Proposed Rights Issue of ICPS and assuming full conversion of ICPS*			
	Direct		Indirect		Direct		Indirect	
	No. of TLB Shares	%	No. of TLB Shares	%	No. of TLB Shares	%	No. of TLB Shares	%
Tan Sri Dato' Lim Soon Peng	300,000	0.08	235,461,667 ⁽¹⁾	64.22	300,000	0.07	270,780,917 ⁽¹⁾	67.36
Lim Poh Yit	780,800	0.21	235,461,667 ⁽¹⁾	64.22	780,800	0.19	270,780,917 ⁽¹⁾	67.36
Lim Puay Fung	245,000	0.07	235,461,667 ⁽¹⁾	64.22	245,000	0.06	270,780,917 ⁽¹⁾	67.36
TGSB	235,461,667	64.22	-	-	270,780,917	67.36	-	-
AIA Berhad	24,029,800	6.55	500,200 ⁽²⁾	0.14	24,029,800	5.98	500,200 ⁽²⁾	0.12
AIA Company Limited	-	-	24,530,000 ⁽³⁾	6.69	-	-	24,530,000 ⁽³⁾	6.10
AIA Group Limited	-	-	24,530,000 ⁽³⁾	6.69	-	-	24,530,000 ⁽³⁾	6.10
Premium Policy Berhad	-	-	24,530,000 ⁽⁴⁾	6.69	-	-	24,530,000 ⁽⁴⁾	6.10
Orange Policy Sdn Bhd	-	-	24,530,000 ⁽⁴⁾	6.69	-	-	24,530,000 ⁽⁴⁾	6.10

Notes:

* The issuance of the ICPS will not have an effect on the shareholdings of the shareholders. Assuming the Conversion Ratio of ten (10) ICPS into one (1) new TLB Share.

(1) Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholdings in TGSB.

(2) Deemed interested pursuant to Section 6A of the Act by virtue of the shares held by AIA PUBLIC Takaful Bhd and AIA Pensions and Assets Management Sdn Bhd.

(3) Deemed interested pursuant to Section 6A of the Act by virtue of the shares held by AIA Bhd.

(4) Deemed interested pursuant to Section 6A of the Act by virtue of the shares held by AIA Bhd, AIA PUBLIC Takaful Bhd and AIA Pensions and Assets Management Sdn Bhd.

Maximum Scenario

Name	As at the LPD				(I) After the Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of TLB Shares	%	No. of TLB Shares	%	No. of TLB Shares	%	No. of TLB Shares	%
Tan Sri Dato' Lim Soon Peng	300,000	0.08	235,461,667 ⁽¹⁾	64.22	300,000	0.07	235,461,667 ⁽¹⁾	58.38
Lim Poh Yit	780,800	0.21	235,461,667 ⁽¹⁾	64.22	780,800	0.19	235,461,667 ⁽¹⁾	58.38
Lim Puay Fung	245,000	0.07	235,461,667 ⁽¹⁾	64.22	245,000	0.06	235,461,667 ⁽¹⁾	58.38
TGSB	235,461,667	64.22	-	-	235,461,667	58.38	-	-
AIA Berhad	24,029,800	6.55	500,200 ⁽²⁾	0.14	24,029,800	5.96	500,200 ⁽²⁾	0.12
AIA Company Limited	-	-	24,530,000 ⁽³⁾	6.69	-	-	24,530,000 ⁽³⁾	6.08
AIA Group Limited	-	-	24,530,000 ⁽³⁾	6.69	-	-	24,530,000 ⁽³⁾	6.08
Premium Policy Berhad	-	-	24,530,000 ⁽⁴⁾	6.69	-	-	24,530,000 ⁽⁴⁾	6.08
Orange Policy Sdn Bhd	-	-	24,530,000 ⁽⁴⁾	6.69	-	-	24,530,000 ⁽⁴⁾	6.08

Name	(II) After (I) and assuming full conversion of the Outstanding RCPS				(III) After (II), the Proposed Rights Issue of ICPS and assuming full conversion of ICPS*			
	Direct		Indirect		Direct		Indirect	
	No. of TLB Shares	%	No. of TLB Shares	%	No. of TLB Shares	%	No. of TLB Shares	%
Tan Sri Dato' Lim Soon Peng	300,000	0.07	242,128,333 ⁽¹⁾	59.06	750,000	0.07	605,320,832 ⁽¹⁾	59.06
Lim Poh Yit	780,800	0.19	242,128,333 ⁽¹⁾	59.06	1,952,000	0.19	605,320,832 ⁽¹⁾	59.06
Lim Puay Fung	245,000	0.06	242,128,333 ⁽¹⁾	59.06	612,500	0.06	605,320,832 ⁽¹⁾	59.06
TGSB	242,128,333	59.06	-	-	605,320,832	59.06	-	-
AIA Berhad	24,029,800	5.86	500,200 ⁽²⁾	0.12	60,074,500	5.86	1,250,500 ⁽²⁾	0.12
AIA Company Limited	-	-	24,530,000 ⁽³⁾	5.98	-	-	61,325,000 ⁽³⁾	5.98
AIA Group Limited	-	-	24,530,000 ⁽³⁾	5.98	-	-	61,325,000 ⁽³⁾	5.98
Premium Policy Berhad	-	-	24,530,000 ⁽⁴⁾	5.98	-	-	61,325,000 ⁽⁴⁾	5.98
Orange Policy Sdn Bhd	-	-	24,530,000 ⁽⁴⁾	5.98	-	-	61,325,000 ⁽⁴⁾	5.98

Notes:

* The issuance of the ICPS will not have an effect on the shareholdings of the shareholders. Assuming the Conversion Ratio of one (1) ICPS and indicative cash payment of RM1.485 into one (1) new TLB Share.

(1) Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholdings in TGSB.

- (2) *Deemed interested pursuant to Section 6A of the Act by virtue of the shares held by AIA PUBLIC Takaful Bhd and AIA Pensions and Assets Management Sdn Bhd.*
- (3) *Deemed interested pursuant to Section 6A of the Act by virtue of the shares held by AIA Bhd.*
- (4) *Deemed interested pursuant to Section 6A of the Act by virtue of the shares held by AIA Bhd, AIA PUBLIC Takaful Bhd and AIA Pensions and Assets Management Sdn Bhd.*

6.5 Convertible securities

As at the LPD, save for the Outstanding RCPS which are convertible into TLB Shares, the Company does not have any other existing convertible securities.

The Proposed Rights Issue of ICPS will not give rise to any adjustment to the exercise price and/or the number of Outstanding RCPS.

[This rest of this page has been intentionally left blank]

7. APPROVALS REQUIRED

The Proposals are subject to and conditional upon the following approvals being obtained from:

- (i) Bursa Securities for the:
 - (a) admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS; and
 - (b) listing of and quotation for the new TLB Shares to be issued pursuant to the conversion of the ICPS,

on the Main Market of Bursa Securities;
- (ii) the shareholders of TLB for the Proposals at the EGM to be convened; and
- (iii) any other relevant authorities or persons, if required.

8. INTER-CONDITIONALITY OF THE PROPOSALS

The Proposed Rights Issue of ICPS, Proposed Increase in Authorised Share Capital and the Proposed Amendments are inter-conditional upon each other.

The Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by TLB.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/or persons connected with them (as defined in the Main Market Listing Requirements of Bursa Securities) have any interest, direct or indirect, in the Proposals, save for their respective entitlements as shareholders of TLB under the Proposed Rights Issue of ICPS, for which all existing shareholders of TLB are entitled to, including the right to apply for additional ICPS under the excess application.

10. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposals including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Board expects the Proposals to be completed in the first (1st) quarter of 2017.

12. ADVISER

TA Securities has been appointed as the Adviser for the Proposed Rights Issue of ICPS.

13. APPLICATIONS TO THE RELEVANT AUTHORITIES

Applications to the relevant authorities in relation to the Proposals are expected to be submitted within two (2) months from the date of this announcement.

This announcement is dated 26 August 2016.