

TELADAN SETIA GROUP BERHAD (“TSG” OR “TSGB” OR “THE COMPANY”)

- PROPOSED ACQUISITION OF LAND BY ASAL HARTA SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

1. INTRODUCTION

The Board of Directors of TSGB (“**Board**”) wishes to announce that Asal Harta Sdn. Bhd. (“**Asal Harta**” or “**Purchaser**”), a wholly-owned subsidiary of TSGB, had on 31 January 2023, entered into a Sale and Purchase Agreement (“**SPA**”) with Megan Mastika Sdn. Bhd. [Registration No. 201201028587 (1013074-U)] (“**MMSB**” or “**Vendor**”) of registered address at Level 14, Lion Office Tower, No. 1, Jalan Nagasari, 50200 Wilayah Persekutuan Kuala Lumpur, for the purchase of all that one (1) piece of leasehold land measuring approximately 7.54 acres in area expiring on 28th November 2111 (“**the Land**”), forming part of the Master Land held under PN 56725, Lot 11357, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka measuring 9.398 hectares in total land area (“**Master Land**”) at a total cash consideration of RM48,543,786.72 (Ringgit Malaysia: Forty Eight Million Five Hundred Forty Three Thousand Seven Hundred Eighty Six and Sen Seventy Two) only (“**Purchase Price**”), upon the terms and conditions as stipulated in the SPA (“**Proposed Acquisition of Land**”).

2. INFORMATION ON ASAL HARTA AND THE VENDOR

2.1 Information on Asal Harta

Asal Harta is a private limited company incorporated in Malaysia on 16 November 1993 under the then Companies Act, 1965, having its registered address at No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka and place of business at No. 8 & 10, Ground Floor, Jalan Mutiara Melaka 2, Taman Mutiara Melaka, 75350 Batu Berendam, Melaka.

Asal Harta has a total issued share capital of RM250,000/- made up of 250,000 ordinary shares.

Asal Harta is a wholly-owned subsidiary of TSGB and the Directors of Asal Harta are Mr. Teo Lay Ban, Ms. Teo Siew May, Mr. Teo Lay Lee and Mr. Sia Ah Piew.

The principal activity of Asal Harta is mainly in property development.

2.2 Information on the Vendor

MMSB is a private limited company incorporated in Malaysia under the then Companies Act, 1965, having its registered office at Level 14, Lion Office Tower, No. 1, Jalan Nagasari, 50200 Wilayah Persekutuan Kuala Lumpur.

The Directors of MMSB are Natalie Cheng Hui Yen and Ooi Kim Lai. The shareholder and its shareholding are as follows:-

Name	Shareholding (%)
Magna Rimbun Sdn. Bhd.	100.0
Total:	100.0

MMSB is principally involved in property investment and investment holding.

MMSB is the registered and beneficial owner of the Land.

(Asal Harta and the Vendor are collectively referred to as “**the Parties**”)

3. DETAILS OF THE LAND

3.1 Description of the Land

The descriptions of the Land are as follows:-

Master Title	Total Land Area	Land Tenure	Encumbrances	Existing use and Proposed use
PN 56725, Lot 11357, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka	7.54 acres, forming part of the Master Land measuring 9.398 hectares where approximately 1.28 acres is to be surrendered to relevant authority	Leasehold, expiring on 28 th November 2111	The Master Title is encumbered by way of a lien holder's caveat	The land is currently a commercial vacant land and is intended for investment and/or development purposes.

4. BASIC AND JUSTIFICATION IN ARRIVING AT THE PURCHASE PRICE

The total purchase price for the Proposed Acquisition of Land is RM48,543,786.72 (Ringgit Malaysia: Forty Eight Million Five Hundred Forty Three Thousand Seven Hundred Eighty Six and Sen Seventy Two) only.

The Purchase Price was arrived at based on a 'willing-buyer willing-seller' basis after the management had conducted an internal review, taking into consideration of potential development of the Land, accessibility, suitability of the sites, availability of public services, development of the surrounding area of the Land and the demand and price of the property in the surrounding area.

No valuation has been carried out on the Land.

5. FINANCIAL INFORMATION ON THE LAND

The Board is unable to disclose the net profits attributable to assets and net assets or net book value of the Land as it is not privy to this information.

6. SALIENT TERMS OF THE SPA

The Vendor has agreed to sell and the Purchaser has agreed to purchase the Land on "as-is-where-is" basis with vacant possession and free from all charges, trust, tenancy, lease, liens, encumbrances, caveats endorsements and other restraints upon the terms and conditions as stipulated in the SPA.

The salient terms of the SPA are set out in **Appendix I** of this announcement.

7. RATIONALE

The Proposed Acquisition of Land is to develop a Health and Wellness Center and service apartment. This Proposed Acquisition is in line with our strategy of replenishing our land bank at locations with strong growth potential and to scale up our property development activities to generate long term sustainable income.

8. DEVELOPMENT POTENTIAL

The details of the development potential of the Land, including the name, type, gross development value and costs, expected commencement and completion of the project and source of financing are not available at this juncture as Asal Harta has yet to obtain the planning permission of the Land from the relevant Local Authority.

9. PROSPECTS OF THE TSG GROUP ARISING FROM THE PROPOSED ACQUISITION OF LAND

As disclosed in Section 7, the Board believes that the Proposed Acquisition of Land provides TSG Group the opportunity to create greater economic value and contribute positively to the future earnings of the Group. The Land is located in the heart of Melaka Town, which is strategically located opposite Mahkota Medical Centre and within walking distance to the most popular tourism spots including Jonker Street.

The Proposed Acquisition is in line with our Company's land acquisition strategy to balance our land banks to cater different market environments and demands.

10. RISKS FACTORS

10.1 Business risks

The Proposed Acquisition of Land would subject the TSG Group to risks inherent in the property investment and/or development business which TSG Group is already involved in. Such risks may include sensitivity to economic, market and political conditions, delays in commencement and completion, competition from other property developers, fluctuations in the prices of building materials, cost of labours charges and dependence on key personnel. Any adverse changes in these conditions may have material adverse effects on the TSG Group. These risks are addressed as part of the ordinary course of business as TSG Group will venture cautiously and carefully into property investment and/or development business.

11. LIABILITIES TO BE ASSUMED

Save for the bank borrowings that will be undertaken to finance the Purchase Consideration, there are no other liabilities, including contingent liabilities and/or guarantee to be assumed by TSGB arising from the Proposed Acquisition of Land.

12. SOURCE OF FUNDING

The Purchase Price is expected to be financed through a combination of bank borrowings and the Company's internally generated funds.

13. EFFECTS OF THE PROPOSED ACQUISITION OF LAND

13.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisition of Land will not have any effect on the total issued share capital of TSGB as well as the shareholdings of its substantial shareholders as it does not involve any issuance of new ordinary shares in TSGB.

13.2 Earnings and earnings per share ("EPS")

The Proposed Acquisition of Land is not expected to have any material effect on the consolidated earnings and EPS of TSGB for the financial year ending 31 December 2022.

13.3 Net assets and gearing

The Proposed Acquisition of Land is not expected to have any material impact on the net assets of the TSG Group for the financial year ending 31 December 2022.

As disclosed in Section 12 of this Announcement, the TSG Group intends to fund the Proposed Acquisition of Land through bank borrowings and internally generated funding which the exact mix has not been finalised. Hence, the effect of the Proposed Acquisition of Land on the gearing of the Group cannot be ascertained at this juncture.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition of Land is expected to be completed by fourth quarter of 2023.

15. DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of the Company and/or persons connected to the Directors and/or major shareholders of the Company has any interest, direct or indirect in the Proposed Acquisition of Land.

16. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition of Land pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") is 10.34%, which is based on the Audited Financial Statements and Directors' Report as at 31 December 2021.

17. APPROVALS REQUIRED

The Proposed Acquisition of Land is subject to the consent of the Melaka State Authority. Other than State Authority consent, the Proposed Acquisition of Land is not subject to the approval of the shareholders of TSGB.

18. STATEMENTS BY THE BOARD

The Board of TSGB, having considered all aspects of the Proposed Acquisition of Land including but not limited to the rationale, prospects, salient terms of the SPA and effects of the Proposed Acquisition of Land, are of the opinion that the Proposed Acquisition of Land is in the best interests of TSGB.

19. DOCUMENT FOR INSPECTION

The SPA is available for inspection by the shareholders of TSGB at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, during the normal business hours from Mondays to Fridays (except for Public Holiday) for a period of three (3) months from the date of this Announcement.

In adherence to the standard operating procedures imposed by the regulatory authority(ies), all inspection of documents at registered office of the Company could only be conducted by prior appointment only. For appointment(s) request, please contact +603-2084 9000 or email: info@sshsb.com.my.

This announcement is dated 31 January 2023.

The salient terms of the SPA for the Proposed Acquisition are as follows:

(The words, abbreviations, and definitions used throughout this Appendix I shall have the same meanings as defined in the SPA unless the context otherwise required or defined herein.)

(a) Settlement for the Acquisition Consideration

The Acquisition Consideration will be satisfied in the following manner:

Payment Tranche(s)	Percentage (%) of the Purchase Price	Timing	Amount (RM)
Tranche 1			
(a) Earnest Deposit	2%	Prior to execution of the SPA	970,875.73
(b) Real property gains tax retention sum	3%	Within sixty (60) days from the date of obtaining the consent or approval for the sale and/or transfer of the Land	1,456,313.60
(c) Balance monies paid upon execution of the SPA	5%	Upon execution of the SPA	2,427,189.34
Tranche 2	2.5%	Payable within ten (10) business days from the date of the Purchaser's Solicitors receipt of the documents in relation to the fulfilment of Condition Precedent 1	1,213,594.67
Tranche 3	5%	Payable within five (5) business days from date of the Purchaser's Solicitors in receipt of the documents in relation to the fulfilment of Condition Precedent 2	2,427,189.34
Balance Purchase Price	82.5%	Payable within six (6) months from the date of the SPA or within three (3) months from the Unconditional Date pursuant to Clause 3F(b) of the SPA, whichever is the later date	40,048,624.04

(b) Conditions Precedent

The SPA is subject to and conditional upon the fulfilment of the following conditions precedents:-

A. Application for Subdivision of the Master Land pursuant to the National Land Code ("CP 1")

- (a) MMSB shall upon execution of the SPA, apply for and obtain or caused to be applied

for and obtained from the appropriate authorities the following: -

- (i) the approval of the application for the subdivision of the the said Property as indicated in the SPA; and
- (ii) the approval for the surrender of the Surrendered Land to the relevant authorities.

(hereinafter collectively referred to as “**the said Approval for Subdivision**”)

- (b) The following land tenure, category of land use, express condition and restriction in interest shall be endorsed on the Property Title: -

Land Tenure	99 years (expiring on 28 November 2111, but not earlier)
Category of Land Use	<i>“Bangunan”</i>
Express Condition	<i>“Untuk bangunan perniagaan sahaja”</i>
Restriction-in-Interest	<i>“Tanah ini tidak boleh dipindahmilik atau dipajak kecuali dengan kebenaran pihak berkuasa negeri. Sekatan kepentingan ini dikecualikan bagi pindahmilik pertama”.</i>

B. Surrender of Original Master Title to the appropriate Authorities for Subdivision purpose (“CP2”)

MMSB shall upon receipt of the said Approval for Subdivision, proceed to surrender or cause the Lien Holder’s Solicitors to surrender the original Master Title to the appropriate authorities to proceed with the subdivision application in CP 1 not later than fourteen (14) Business Days from the date of compliance of CP 1 subject always that in the event the original Master Title is to be surrendered by the Lien Holder’s Solicitors, all terms and conditions set out in the said Approval of Subdivision (including the contribution premium levy and/or other fees, charges and expenses payable to the appropriate authorities) shall have been first fully complied with by the Vendor.

C. Procurement of Original Property Title (“CP 3”)

- (a) Upon compliance of CP 2, MMSB shall apply for and obtain the original Property Title with the endorsements stated in the SPA.
- (b) All contribution premium levy and/or other fee, charges and expenses payable to the appropriate authorities concerned for the issuance of the Property Title (hereinafter referred to as “**the Sub-division Levy**”) shall be borne by MMSB.
- (c) The Vendor shall fnot later than seven (7) Business Days from the date of extraction of the Property Title from relevant authorities, to deposit the original Property Title with the Lien Holder or the Lien Holder’s Solicitors as stakeholders, as the case may be, for safe custody and simultaneously notify the Purchaser’s Solicitors in writing of the aforesaid deposit together with the proof of acknowledgement of the deposit thereof and the certified true copy of the Property Title and for avoidance of doubt, the Lien Holder shall be entitled to enter a fresh Lien Holder’s caveat on the said Property (OR in the event the Redemption Sum has been fully satisfied by the Vendor, to deposit the original Property Title with the Purchaser’s Solicitors as stakeholders for safe-custody whom shall be authorised by the parties hereto to deal in accordance with the provisions of the SPA).

D. Application for Consent to Transfer (“CP 4”)

Upon issuance of the original Property Title by the appropriate authorities, MMSB shall within twenty one (21) Business Days make the necessary application to the appropriate authority or

such other relevant authorities as shall be required in the circumstances for their consent or approval for the sale and/or transfer of the said Property to the Purchaser (hereinafter referred to as **"the Consent"**). MMSB shall bear all application fees to the relevant authority in respect of the application for the Consent including registration fee of the Consent.

E. Parties to Act in Good Faith

- (a) The parties hereto agree that they shall each act in and with the utmost good faith to ensure that the Conditions Precedent are fulfilled within the time stipulated in the SPA and shall where reasonably required, provide all such information and documentation and execute any such required documents within seven (7) Business Days or any such extended period or periods upon receipt of the aforesaid request in writing in order to fulfill the Conditions Precedent.
- (b) The parties hereby agree that the Purchaser may at its sole discretion (and not contractually obliged to) by notice in writing to the Vendor, to waive any of the Conditions Precedent as are being capable of being waived. Non-exercise of the option thereof shall not be construed as the Purchaser's default/breach of the SPA.

F. Unconditionality of the SPA

- (a) The SPA shall cease to be conditional on the date of the last of the Conditions Precedent is fulfilled or waived and the date such last condition precedent is fulfilled or waived shall be referred to as **"the Unconditional Date"**.
- (b) In the event any one of the Conditions Precedent is not fulfilled by the expiry of the Conditional Period or the Extended Conditional Period or the Final Extended Conditional Period, as the case may be, either party may rescind the SPA by giving a written notice to the other party.

(b) Default by Purchaser

a. If the Purchaser shall:-

- (i) fail to make payment of the Purchase Price or any part thereof in accordance with the provisions herein; or
- (ii) commit any breach of the representations, warranties, terms and conditions covenants or undertakings contained in the SPA; or
- (iii) before payment in full of the Purchase Price, commits an act of bankruptcy or enter into any composition or arrangement with his creditors or being a company, enter into liquidation whether compulsory or voluntary bankruptcy proceedings is filed against the Purchaser

PROVIDED that such failure or breach is not occasioned by any act, default, omission of the Vendor, the Vendor shall be entitled at the Vendor's sole discretion to terminate the SPA by notice in writing to the Purchaser.

(c) Default by Vendor/Specific Performance

(a) If:-

- (i) the Vendor shall fail for any reason whatsoever to complete the sale and purchase of the said Property pursuant to the terms contained in the SPA; or
- (ii) the Vendor shall commit any breach of the terms and conditions covenants or contained in the SPA; or
- (iii) before full payment of the Balance Purchase Price, a winding up petition is filed or a

winding up order is made against the Vendor or the Vendor has entered into any composition or arrangement with its creditors or being a company, enter into liquidation whether compulsory or voluntary winding-up proceedings;

PROVIDED that such failure or breach is not occasioned by any act, default, omission of the Purchaser, the Purchaser shall be entitled to take proceedings to enforce specific performance of the SPA and to all reliefs flowing therefrom or, to terminate the SPA by notice in writing to Vendor.