

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

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

1. INTRODUCTION

The Board of Directors of TSGB (“**Board**”) wishes to announce that Pavilion Link Sdn. Bhd. (“**Pavilion Link**” or “**Purchaser**”), a wholly-owned subsidiary of TSGB, had on 7 March 2023 entered into a Sale and Purchase Agreement (“**SPA**”) with Complete Achievement Sdn. Bhd. [Registration No. 201001021858 (905628-M)] (“**CASB**” or “**Vendor**”) having its address at No. 3419, Tingkat 1, Jalan RJ 6/4, Taman Rasah Jaya, 70300 Seremban, Negeri Sembilan Darul Khusus, for the purchase of all that one (1) piece of freehold vacant land held under Geran 179151, Lot 14121 Mukim Seremban, District of Seremban and State of Negeri Sembilan measuring approximately 70,020 sq. metres in land area bearing postal address known as T/K, Taman Bkt. Intan, Off Jalan Labu Seremban, NSDK Negeri Sembilan, at a total cash consideration of RM24,118,249.00 (Ringgit Malaysia: Twenty-Four Million One Hundred and Eighteen Thousand Two Hundred and Forty-Nine) only (“**Purchase Price**”), upon the terms and conditions as stipulated in the SPA (“**Proposed Acquisition of Land**”).

2. INFORMATION ON PAVILION LINK AND THE VENDOR

2.1 Information on Pavilion Link

Pavilion Link is a private limited company incorporated in Malaysia on 8 December 2022 under the Companies Act, 2016, 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.

Pavilion Link has a total issued share capital of RM100,000/- made up of 100,000 ordinary shares.

Pavilion Link is a wholly-owned subsidiary of TSGB and the Directors of Pavilion Link are Mr. Teo Lay Ban and Mr. Sia Ah Piew.

The principal activity of Pavilion Link is mainly in property development and housing developer for residential and commercial projects.

2.2 Information on the Vendor

CASB is a private limited company incorporated in Malaysia under the then Companies Act, 1965, having its registered office at No. 22, Ground Floor, Jalan Dato Sheikh Ahmad, Seremban, Negeri Sembilan.

The Directors of CASB are Koh Say Wee, Ab Rasid bin Ahmad and Yong Kum Hoe. The shareholders and its shareholdings are as follows:-

Name	Shareholding (%)
Ab Rasid bin Ahmad	10.0
Koh Say Kok	30.0
Koh Say Wee	30.0
Yong Kum Hoe	30.0
Total:	100.0

CASB is principally involved in investment holding and wholesale of a variety of goods.

CASB is the registered and beneficial owner of the Land.

(Pavilion Link 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:-

Title	Total Land Area	Land Tenure	Encumbrances	Existing use and Proposed use
Geran 179151, Lot 14121 Mukim Seremban, District of Seremban and State of Negeri Sembilan	Approximately 70,020 sq. metres in land area	Freehold	Nil	The land is currently a 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 RM24,118,249.00 (Ringgit Malaysia: Twenty-Four Million One Hundred and Eighteen Thousand Two Hundred and Forty-Nine) 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 planned for mixed development. 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 Pavilion Link 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 at the vicinity of Taman AST Seremban.

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 2023.

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 2023.

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 third 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 5.14%, 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 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.

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@sshb.com.my.

This announcement is dated 7 March 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	Percentage (%) of the Purchase Price	Timing	Amount (RM)
(a) Earnest Deposit	2%	Prior to execution of the SPA	482,364.98
(b) Real property gains tax retention sum	3%	Upon execution of the SPA	723,547.47
(c) Balance monies paid on execution of the SPA	5%	Upon execution of the SPA	1,205,912.45
Balance Purchase Price	90.0%	Payable within one hundred and eighty (180) days from the date of the SPA	21,706,424.10

(b) Termination by Purchaser

If the Vendor shall fail refuse and/or neglect to complete the sale of the said Property in accordance with the provisions of the SPA without any act of default or blameworthy conduct on the part of the Purchaser:-

- (i) the Purchaser shall be entitled to the remedy of specific performance of the SPA and the reliefs flowing therefrom; or
- (ii) alternatively at the Purchaser's sole discretion to terminate the SPA by notice in writing to the Vendor's Solicitors and the Vendor shall subject to the Purchaser returning or cause to be returned to the Vendor's Solicitors the original issue document of title to the said Property together with the original copy of the said Transfer (provided that the said Transfer is not required to be returned to the Stamping Office for refund of the stamp duty paid, otherwise upon cancellation thereof) with the Vendor's interest intact and redelivery of the vacant possession of the said Property in the state and condition as at the date of delivery to the Purchaser (if vacant possession has been delivered), refund, free of interest, to the Purchaser within fourteen (14) days from the date of Vendor's Solicitors' receipt of the written notice of termination of the SPA, the said Deposit referred to in Clause 2 above and all monies received from the Purchaser towards the account of the Purchase Price and shall in addition pay to the Purchaser a sum equivalent to the amount of the said Deposit as agreed liquidated damages and thereupon this Agreement shall be deemed terminated and neither party shall have any claim against the other.

(c) Termination by Vendor

If the Purchaser shall fail refuse and/or neglect to complete the purchase of the said Property in accordance with the provisions of the SPA without any act of default or blameworthy conduct on the part of the Vendor, the Vendor may by notice in writing to the Purchaser declare the SPA at an end and thereupon the SPA shall determine and the said Deposit referred to in Clause 2 above shall be irrecoverably forfeited to the Vendor as agreed liquidated damages and the Vendor shall

subject to the Purchaser returning or cause to be returned to the Vendor's Solicitors the original issue document of title to the said Property together with the original copy of the said Transfer (provided that the said Transfer is not required to be returned to the Stamping Office for refund of the stamp duty paid, otherwise upon cancellation thereof) with the Vendor's interest intact and redelivery of the vacant possession of the said Property in the state and condition as at the date of delivery to the Purchaser (if vacant possession has been delivered), refund to the Purchaser free of interest the balance of any monies paid by the Purchaser towards the account of the Purchase Price within fourteen (14) days from the date of receipt of the written notice of termination of the SPA. Upon such refund, neither party shall have any claim against the other.