

TELADAN SETIA GROUP BERHAD ("TELADAN" OR THE "COMPANY")

(I) PROPOSED TRANSFER; AND

(II) PROPOSED AMENDMENT

(COLLECTIVELY THE "PROPOSALS")

1. INTRODUCTION

On behalf of the Board of Directors of the Company ("**Board**"), M & A Securities Sdn Bhd wishes to announce that Teladan proposes to undertake the following:

- (i) Proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Proposed Transfer**"); and
- (ii) Proposed amendment to the Constitution of the Company to facilitate the implementation of the Proposed Transfer ("**Proposed Amendment**").

The Proposed Transfer and Proposed Amendment are collectively referred to as the "**Proposals**".

2. DETAILS OF THE PROPOSALS

2.1 Proposed Transfer

On 16 March 2021, Teladan was listed on the ACE Market of Bursa Securities.

Teladan and its subsidiaries, (collectively referred to as "**Teladan Group**" or "**Group**") have satisfied the requirements for the Proposed Transfer based on the Equity Guidelines issued by the Securities Commission Malaysia ("**SC**") ("**SC Equity Guidelines**") and the Main Market Listing Requirements of Bursa Securities, which include, amongst others, the following:

(i) Profit requirements

Pursuant to the SC Equity Guidelines, a corporation which is listed on the ACE Market of Bursa Securities may seek a transfer listing to the Main Market of Bursa Securities if it meets the profit requirements of an aggregate profit after tax ("**PAT**") of at least RM20.0 million for the past 3 to 5 full financial years prior to submission to the SC with a PAT of at least RM6.0 million for the most recent financial year.

Teladan Group has satisfied the above profit requirements as the Group's aggregate adjusted PAT attributable to owners of the Company for the past 3 financial years ended 31 December ("**FYE**") 2020 to 2022 after adjusting for non-recurring items and items not in the ordinary course of Teladan's business is RM93.1 million with adjusted PAT attributable to owners of the Company of RM32.3 million for FYE 2022, being the most recent financial year.

Based on the audited financial statements of Teladan Group, the adjusted PAT of the Group for the FYE 2020 to 2022 is as follows:

	Audited			Aggregate
	FYE 2020	FYE 2021	FYE 2022	
	RM'000	RM'000	RM'000	RM'000
PAT	25,647	32,737	35,306	93,690
Less: Profits from non-recurring items				
• Sale of land	-	-	(2,974)	(2,974)
Add: Loss from non-recurring items				
• Listing expenses	837	1,576	-	2,413
Adjusted PAT	26,484	34,313	32,332	93,129

(ii) Healthy financial position

The Group's financial position based on the audited consolidated financial statements as at 31 December 2022 is set out as follows:

	Audited
	FYE
	31 December 2022
Net assets (RM'000)	495,491
Cash and short term deposits (RM'000)*	132,674
Borrowings (RM'000)	304,638
Net operating cash flow (RM'000)	134,457
Current ratio (times)	2.2
Net gearing (times)	0.4

Note:

- * Included fixed deposits pledged to bank for banking facilities amounting to RM19.4 million.

As at 31 December 2022, the current assets of Teladan Group stood at approximately RM215.5 million (adjusted to exclude inventories which consists of completed units and property development costs as these items are not readily convertible into cash) while its current liabilities were at approximately RM98.2 million. The Group's current ratio (calculated as current assets over current liabilities) of 2.2 times as at 31 December 2022 reflects its ability to meet short-term obligations.

In addition, Teladan Group has cash and short-term deposits of approximately RM132.7 million as at 31 December 2022 and had generated positive cash flow from operating activities during FYE 2020 to 2022. The Board is confident that, after taking into account its gearing level and cash flow position as well as the banking facilities currently available to the Group, its working capital will be sufficient for its existing and foreseeable requirements for a period of 12 months from the date of this announcement.

Accordingly, Teladan Group is in a healthy financial position with no accumulated losses based on its latest audited consolidated statement of financial position as at 31 December 2022.

(iii) Public shareholding spread

Teladan is required to meet a public shareholding spread of at least 25% of the total number of listed shares (excluding treasury shares) being in the hands of a minimum number of 1,000 public shareholders holding not less than 100 shares each.

As at 27 April 2023, being the latest practicable date prior to the date of this announcement ("**LPD**"), the issued share capital of the Company is RM401,086,752 million comprising 808,615,902 ordinary shares ("**Teladan Shares**" or "**Shares**") and there are 238,271,497 outstanding Warrants A, which have an exercise price of RM0.50 each and are expiring on 20 September 2026.

Based on the Record of Depositors of Teladan as at 18 April 2023, approximately 25.18% of the total number of issued shares of the Company is held by 1,206 public shareholders holding not less than 100 Shares each.

2.2 Proposed Amendment

The Proposed Amendment entails an amendment to the Constitution of the Company to facilitate the implementation of the Proposed Transfer as well as other administrative amendments, details are as follows:

Amendment to the Constitution

Article No.	Existing Clause	Amended Clause
6.1	"Listing Requirements" means the ACE Market Listing Requirements of the Exchange including any amendments to the Listing Requirements that may be made from time to time.	"Listing Requirements" means the Main Market Listing Requirements of the Exchange including any amendments to the Listing Requirements that may be made from time to time.
8.1	<p>The Company shall have first and paramount lien on every share (not being a fully paid shares) and dividends from time to time declared in respect of such shares, provided that the Company's lien on shares and dividends from time to time declared in respect of such shares shall be restricted to: -</p> <p>(a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid;</p> <p>(b) if the shares were acquired under an Employee Share Scheme, amounts which are owed to the Company for acquiring them; and</p> <p>(c) such amounts as the Company may be called upon by law to pay and has paid in respect of the shares of the Member or deceased Member.</p>	<p>The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to: -</p> <p>(a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid; and</p> <p>(b) such amounts as the Company may be called upon by law to pay and has paid in respect of the shares of the Member or deceased Member.</p> <p>The lien in each of the above cases shall also extend to reasonable interests and expenses incurred because of the unpaid amount.</p>

Article No.	Existing Clause	Amended Clause
	The lien in each of the above cases shall also extend to reasonable interest and expenses incurred because of the unpaid amount.	
18.6	<p>Every notice of an annual general meeting shall be issued in accordance with the Applicable Laws and shall specify the meeting as such and every meeting convened for passing a Special Resolution shall state the intention to propose such resolution as a Special Resolution.</p> <p>The notice convening meeting of Members shall specify the place, date and time of the meeting, and the general nature of business of the meeting. Notice shall be given to all Members, Directors and auditors of the Company at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any Special Resolution is to be proposed or where it is an annual general meeting.</p> <p>Any notice of a meeting called to consider special business shall be accompanied by an explanatory note regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any Special Resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.</p>	<p>Every notice of an annual general meeting shall be issued in accordance with the Applicable Laws and shall specify the meeting as such and every meeting convened for passing a Special Resolution shall state the intention to propose such resolution as a Special Resolution.</p> <p>The notice convening meeting of Members shall specify the place, date and time of the meeting, and the general nature of business of the meeting. Notice shall be given to all Members, Directors and auditors of the Company either in hard copy, publication on the Company's website or in electronic form, or partly in hard copy and partly in electronic form at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any Special Resolution is to be proposed or where it is an annual general meeting.</p> <p>Any notice of a meeting called to consider special business shall be accompanied by an explanatory note regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any Special Resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.</p>

Article No.	Existing Clause	Amended Clause
18.7(c)	Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a Member entitled to attend any meeting of Members and to speak and vote thereat unless his name appears in the General Meeting.	Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a Member entitled to attend any meeting of Members and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Transfer

The Proposed Transfer is expected to enhance the Group's prestige and reputation, and will accord the Teladan Group with greater recognition and acceptance amongst investors, in particular, institutional investors. In addition, the Proposed Transfer will also promote the Group's corporate image leading to greater recognition and confidence to clients, sub-contractors, business partners, bankers, employees and shareholders.

Teladan was listed at a market capitalisation of RM386.5 million. As at LPD, the market capitalisation of the Company is approximately RM962.3 million, reflecting investors' confidence and acceptance in the Group's business and operational model. As such, the Board considers the Proposed Transfer to be timely and beneficial to the Group's future growth and its ability to raise funds for further expansion. Nevertheless, the Proposed Transfer will not result in any change in the Group's existing core business and operational model.

3.2 Proposed Amendment

The Proposed Amendment is necessary to incorporate the relevant amendment to the Constitution of the Company to facilitate the Proposed Transfer. The Proposed Amendment will come into effect upon the Proposed Transfer of the Company.

4. EFFECTS OF THE PROPOSED PROPOSALS

The Proposals will not have any effect on the share capital, shareholdings structure, net assets, gearing, earnings and earnings per share of the Teladan Group.

5. APPROVALS REQUIRED

The Proposals is subject to approvals being obtained from the following:

- (i) Approval of the SC, for the Proposed Transfer under Section 212 of the CMSA;
- (ii) Equity Compliance Unit of the SC, for the resultant equity structure after the Proposed Transfer;
- (iii) Bursa Securities for the Proposed Transfer, which will be sought after obtaining the SC's approval for the Proposed Transfer; and
- (iv) Shareholders of Teladan, for the Proposed Amendment at its 4th Annual General Meeting of the Company to be held; and

(v) Any other relevant authorities, if required.

The Proposed Transfer and Proposed Amendment are inter-conditional with each other and not conditional upon any other proposals.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive of the Company and/or persons connected to them have any interest, either direct or indirect, in the Proposals.

7. DIRECTORS' STATEMENT

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

8. ADVISER

M & A Securities Sdn Bhd has been appointed as Adviser for the Proposals.

9. ESTIMATED TIME FRAME FOR THE COMPLETION OF THE PROPOSALS

Barring any unforeseen circumstances, the Proposals are expected to be completed in the fourth quarter of 2023.

10. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities on the Proposed Transfer is expected to be made within 2 months from the date of this announcement.

This announcement is dated 28 April 2023.