

TEO SENG CAPITAL BERHAD (732762-T)

- I) **Sale and Purchase Agreement (“SPA”) between Mr. Na Yok Chee and Liberal Energy Sdn. Bhd. (“Liberal”), a wholly owned subsidiary of Teo Seng Capital Berhad (“Teo Seng” or the “Company”) for the Acquisition of a freehold land held under EMR 2191 (now known as GM3365), Lot 3236, Mukim of Tanjong Sembrong, District of Batu Pahat, Johor for a cash consideration of RM172,550 (Ringgit Malaysia One Hundred Seventy Two Thousand Five Hundred and Fifty only).**
- II) **SPA between Mr. Nam Hiok Yong and Liberal for the Acquisition of a freehold land held under EMR 2192 (now known as GM3366), Lot 3239, Mukim of Tanjong Sembrong, District of Batu Pahat, Johor for a cash consideration of RM337,850 (Ringgit Malaysia Three Hundred Thirty Seven Thousand Eight Hundred and Fifty only).**

1. INTRODUCTION

The Board of Directors of Teo Seng wishes to announce that Liberal had on 14 May 2012 entered into the following SPAs:-

- 1.1 A SPA with Mr. Na Yok Chee to acquire a freehold land held under EMR 2191 (now known as GM3365), Lot 3236, Mukim of Tanjong, District of Batu Pahat, Johor (“Land A”) for a cash consideration of RM172,550 (Ringgit Malaysia One Hundred Seventy Two Thousand Five Hundred and Fifty only).
- 1.2 A SPA with Mr. Nam Hiok Yong to acquire a freehold land held under EMR 2192 (now known as GM3366), Lot 3239, Mukim of Tanjong Sembrong, District of Batu Pahat, Johor (“Land B”) for a cash consideration of RM337,850 (Ringgit Malaysia Three Hundred Thirty Seven Thousand Eight Hundred and Fifty only).

(“Collectively referred to as the “Acquisition of Lands”)

2. DETAILS OF THE ACQUISITION OF LANDS

2.1 Information on Land A and Land B

Land A

- It is a freehold land measuring in area of approximately 0.602 hectares.
- It is free from encumbrances.
- Mr. Na Yok Chee is the registered owner of Land A. He acquired Land A on 7 September 2011 and the original cost of investment was RM117,476.47.
- It is currently a vacant land
- No valuation was carried out on Land A

Land B

- It is a freehold land measuring in area of approximately 1.1786 hectares.
- It is free from encumbrances.
- Mr. Nam Hiok Yong is the registered owner of Land B. He acquired the Land B on 7 September 2011 and the original cost of investment was RM229,759.86.
- It is currently a vacant land.
- No valuation was carried out on Land B.

2.2 Basis of arriving at Proposed Purchase Consideration and Justification

The Proposed Purchase Consideration of RM172,550 and RM337,850 of Land A and Land B respectively was arrived at a willing buyer and a willing seller basis after taking into consideration of the current comparable market value of Land A and Land B. It is based on the recent disposal of lands situated at HS(M) 372 MLO 9379 situated in the Mukim of Tanjong Sembrong, District of Batu Pahat, State of Johor and HS(M) 371 MLO 9378 Mukim of Tanjong Sembrong, District of Batu Pahat, Johor by Teo Seng Farming Sdn. Bhd., a wholly owned subsidiary of the Company.

2.3 Information on Liberal

Liberal was incorporated in Malaysia on 14 January 2010 with the issued and paid up share capital of RM2.00 divided into 2 ordinary shares of RM 1.00 each. Liberal is currently a dormant company.

The Directors of Liberal are Mr. Lau Jui Peng, Mr. Lau Joo Han, Mr. Na Yok Chee and Mr. Nam Hiok Yong.

2.4 Source of funding

The Acquisition of Lands will be financed through internally generated funds.

3 SALIENT TERMS OF THE SPAs

There are no salient terms of the SPA applicable.

4 RATIONALE AND PROPECTS OF THE ACQUISITION OF LANDS

In line with Teo Seng's Group expansion, the Acquisition of Lands will enable Teo Seng to make use of the existing properties for its egg tray plant.

5 ESTIMATED TIME FRAME FOR COMPLETION OF THE ACQUISITION OF LANDS

The estimated time frame to complete the Acquisition of Lands is within three (3) months from the date of the SPAs.

6 FINANCIAL EFFECT

The Acquisition of Lands are not expected to have any significant effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholding of Teo Seng.

7 LIABILITIES INCLUDING CONTINGENT LIABILITIES AND GUARANTEES BY THE COMPANY ARISING FROM THE ACQUISITION OF LANDS

Save for the liabilities incurred in the ordinary course of business, there are no other liabilities including contingent liabilities and guarantees to be assumed by the Company arising from the Acquisition of Lands.

8 RISK FACTORS

The Board of Directors is not aware of any specific risk / risk factors arising from the Acquisition of Lands other than the normal and market risks.

9 TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

The total amount transacted with the same related parties for the preceding 12 months is RM257,800.

10 THE HIGHEST PERCENTAGE RATIO

Based on the consolidated audited financial statements of Teo Seng as at 31 March 2011, the highest percentage ratio applicable to the Acquisition of Lands as per Paragraph 10.02(g) Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is approximately 0.51%.

11 DIRECTORS AND/OR MAJOR SHAREHOLDERS'S INTEREST

Save as disclosed below, none of the Directors and/or major shareholders of the Company and/or persons connected to them has any interest, directly or indirectly, in the Acquisition of Lands:-

11.1 Mr. Na Yok Chee and Mr. Nam Hiok Yong are brothers of Mr. Na Hap Cheng and Mr. Nam Yok San and all of them are Directors of Teo Seng Group;

11.2 Mr. Na Yok Chee, Mr. Na Hap Cheng and Mr. Nam Yok San are Major Shareholders of Teo Seng.

12 APPROVALS REQUIRED

The Acquisition of Lands are not subject to the approval of the shareholders of the Company.

13 STATEMENT BY DIRECTORS

The Board of Directors (save for Mr Na Yok Chee and Mr Nam Yok San) having considered all aspects of the Acquisition of Lands, is of the opinion that the Acquisition of Lands are in the best interests of the Company and not detrimental to the interests of the minority shareholders.

14 AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Teo Seng, having considered all aspects of the Acquisition of Lands, is of the opinion that the Acquisition of Lands are in the best interest of the Company, fair and reasonable and on normal commercial terms, and is not detrimental to the interest of the minority shareholders of Teo Seng.

15 DOCUMENTS FOR INSPECTION

The SPAs are available for inspection at the registered office of Teo Seng at 201-203, Jalan Abdullah, 84000 Muar, Johor Darul Takzim during normal business hours on Monday to Friday (except public holiday) for a period of 3 months from the date of this announcement.

This announcement is dated 14 May 2012.