

THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the Circular/Statement prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of the Practice Note 18 of Main Market Listing Requirements of Bursa Securities.

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TEO SENG CAPITAL BERHAD

Registration No. 200601013011 (732762-T)
(Incorporated in Malaysia)

CIRCULAR/STATEMENT TO SHAREHOLDERS

in relation to the

PART A

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

PART B

PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The ordinary resolutions in respect of the above proposals will be tabled as Special Business at the Fourteenth Annual General Meeting (“14th AGM”) of the Company to be held at Teo Seng Capital Berhad Conference Room, First Floor, Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor, on 12 August 2020, Wednesday at 11:30 a.m.. The Notice of the 14th AGM together with the Proxy Form are set out in the Annual Report for the financial year ended 31 December 2019. Shareholders are advised to refer to the Notice of the 14th AGM and the Proxy Form.

The Proxy Form must be lodged at the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn.Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Tricor’s Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit your electronic proxy form via TIIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time for holding the 14th AGM.

The last day and time for lodging the Proxy Form is on 10 August 2020, Monday at 11:30 a.m.

This Circular/Statement is dated on 30 June 2020

DEFINITIONS

For the purpose of this Circular/Statement, except where the context otherwise requires, the following terms and expressions shall have the following meanings:

“Act”	: Companies Act 2016 and any amendment thereto
“AGM”	: Annual General Meeting
“Audit Committee”	: The Audit Committee of Teo Seng
“Board”	: The Board of Directors of Teo Seng
“Bursa Securities”	: Bursa Malaysia Securities Berhad Registration No. 200301033577(635998-W)
“Constitution”	: Constitution of the Company
“CMSA”	: Capital Markets and Services Act, 2007 and any amendment thereto
“Code or the Code”	: Malaysian Code on Take-overs and Mergers 1998
“Director”	: Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company or a subsidiary of its holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
“EPS”	: Earnings per share
“FYE”	: Financial year ended / ending
“Teo Seng” or “the Company”	: Teo Seng Capital Berhad Registration No. 200601013011 (732762-T)
“Teo Seng Group” or “the Group”	: Teo Seng Capital Berhad and its subsidiary companies collectively
“Listing Requirements”	: The Main Market Listing Requirements of the Bursa Securities
“Major Shareholder”	: A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of those shares, is: (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act and a Major Shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company (or any other which is its subsidiary or holding company)

“Market Day(s)”	: A day on which the stock market of Bursa Securities is open for trading of securities
“MCCG”	: Malaysian Code on Corporate Governance issued on 26 April 2017
“NA”	: Net assets
“Person Connected”	: Person(s) connected with a Director or Major Shareholder(s) as defined under Paragraph 1.01 of the Listing Requirements
“Proposed Renewal of Existing Shareholders’ Mandate”	: The proposed renewal of existing shareholders’ mandate for Recurrent Related Party Transactions of a revenue or trading nature
“Proposed Renewal of Authority for Share Buy-Back”	: A proposed renewal of the Company to grant the Directors a general mandate to exercise the authority to carry out a share buy-back of its own Shares of up to a maximum of 10% of the total number of issued shares of the Company
“Purchased Shares”	: Share(s) to be purchased by the Company pursuant to the Proposed Renewal of Authority for Share Buy-Back
“Recurrent Related Party Transaction(s)”/ “RRPT(s)”	: A transaction which is a recurrent related party transaction of a revenue or trading nature and which are necessary for the day-to-day operations of Teo Seng Group and are in the ordinary course of business, entered into/ to be entered into by the Company or its subsidiary companies which involve the interest, direct or indirect, of a Related Party(ies)
“Related Party(ies)”	: Means a director, major shareholder or person connected with such director or major shareholder of Teo Seng Group. For the purpose of this definition, Director and major shareholder shall have the same meanings given in Paragraph 10.02 of the Listing Requirements
“Related Party Transaction”	: A transaction entered into by the Group which involves the interest, direct or indirect, of a Related Party(ies)
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Shares”	: Ordinary shares in Teo Seng
“Treasury Shares”	: Purchased Shares which are or will be retained as treasury shares by the Company (as defined in Section 127 of the Act)
“WAMP”	: Weighted average market price
“AVSB”	: Advantage Valuations Sdn Bhd Registration No. 200601010117 (729867-V), the immediate holding company of Teo Seng
“LH(M)SB”	: Leong Hup (Malaysia) Sdn Bhd Registration No. 201401020733 (1096819-M), the intermediate holding company of Teo Seng

“LHI” : Leong Hup International Berhad
Registration No. 201401022577 (1098663-D),
the pen-ultimate holding company of Teo Seng

“EGSB” : Emerging Glory Sdn Bhd
Registration No. 201001019033 (902741-V),
the ultimate holding company of Teo Seng

Words importing the singular shall, where applicable, include the plural and vice versa

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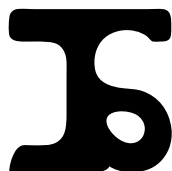
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APPENDIX I

PART A

**PROPOSED RENEWAL OF EXISTING
SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE**



TEO SENG CAPITAL BERHAD

Registration No. 200601013011 (Company No. 732762-T)
(Incorporated in Malaysia)

Registered Office

201 – 203 Jalan Abdullah
84000 Muar
Johor Darul Takzim

30 June 2020

Board of Directors:

Lau Jui Peng (*Non-Executive Chairman*)
Nam Hiok Joo (*Managing Director*)
Loh Wee Ching (*Non-Executive Director*)
Dato' Koh Low @ Koh Kim Toon (*Independent Non-Executive Director*)
Choong Keen Shian (*Independent Non-Executive Director*)
Frederick Ng Yong Chiang (*Independent Non-Executive Director*)

To the Shareholders of Teo Seng

Dear Sir/Madam,

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

The Company had on its AGM held on 28 May 2019, obtained the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions. The said shareholders' mandate shall lapse at the conclusion of the forthcoming 14th AGM to be held on 12 August 2020.

On 22 April 2020, the Board announced to Bursa Securities that the Company is proposing to seek the approval of shareholders for the Proposed Renewal of Existing Shareholders' Mandate which is effective from the forthcoming 14th AGM to the conclusion of the next AGM.

The purpose of this Circular/Statement is to provide you with the details of the Proposed Renewal of Existing Shareholders' Mandate and to seek your approval for the ordinary resolutions pertaining to the Proposed Renewal of Existing Shareholders' Mandate to be tabled at the forthcoming 14th AGM of the Company. The Notice of the 14th AGM together with the Proxy Form has been incorporated into the Annual Report for the financial year ended 31 December 2019 of the Company.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR/STATEMENT CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AT THE FORTHCOMING 14TH AGM

2. DETAILS OF THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE

The Company is principally an investment holding company and the principal activities of its subsidiary companies are as follows:

Name of Company	Effective Equity Interest (%)	Principal Activities
<u>Direct subsidiary companies</u>		
Teo Seng Farming Sdn Bhd ("TSF")	100	Investment holding and poultry farming
Success Century Sdn Bhd ("SCSB")	100	Layer farming
Teo Seng Feedmill Sdn Bhd ("TSFM")	100	Manufacturing and marketing of animal feeds
Teo Seng Paper Products Sdn Bhd ("TSPP")	100	Manufacturing and marketing of paper egg trays
Ritma Prestasi Sdn Bhd ("Ritma")	100	Distribution of pet food, medicine and other animal health related products
Premium Egg Products Pte Ltd ("PEP")	100	Wholesaler, importers, exporters of dairy products
Teo Seng Intergrated Farming Sdn.Bhd. (Formerly known as Liberal Energy Sdn Bhd ("LESB"))	100	General trading and generation of energy by establishment of bio-gas plant
Pioneer Prosperity Sdn. Bhd. ("Pioneer") (in Members' Voluntary Winding-up)	100	Dormant
<u>Indirect subsidiary company</u> <i>Held through Ritma</i>		
B-Tech Aquaculture Sdn. Bhd ("B-Tech")	100	General trading and aquaculture, livestock and poultry activities
Professional Vet Enterprise Sdn Bhd ("PVESB")	100	Trading of veterinary and farming equipment, veterinary pharmaceutical and biological products
Ritma Premier Pte Ltd ("RPPL")	100	Distribution of pet food, medicine and other animal health related products

The Company is principally an investment holding company and the principal activities of its subsidiary companies are as follows: (continued)

Name of Company	Effective Equity Interest (%)	Principal Activities
<i>Held through TSF</i> Great Egg Industries Sdn Bhd (“GEI”)	100	Manufacturing and marketing of egg related products
Laskar Fertiliser Sdn Bhd (“LFSB”)	100	Dealing in fertiliser, conduct research on the fertiliser and agricultural business process and to carry on the business of processing of value added products and farm produce
<i>Held through PEP</i> BH Fresh Food Pte Ltd (“BHFF”)	100	Provision of cold room service and other investment holding including renting of factory space to derive rental income

There are various transactions of trading or revenue nature which are necessary for the day-to-day operations of the companies in the Teo Seng Group being transacted between the companies in the Teo Seng Group and the classes of Related Party in the ordinary course of business.

Under paragraph 10.09 of the Listing Requirements, a listed issuer may seek shareholders’ mandate in respect of Related Party Transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business, subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public.
- (b) the shareholders’ mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year where;
 - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
 - (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%, whichever is lower.
- (c) the listed issuer’s Circular/Statement to shareholders for the shareholders’ mandate include the information as may be prescribed by the Bursa Securities. The final Circular/Statement must be submitted to the Bursa Securities together with a checklist showing compliance with such information.
- (d) in a meeting to obtain shareholders’ mandate, the interested Directors, interested Major Shareholders or interested persons connected with a Director or Major Shareholder and where it involves the interest of an interested person connected with a Director or Major Shareholder, must not vote on the resolutions approving the transactions. An interested Director or interested Major Shareholder must also ensure that persons connected with him abstain from voting on the resolutions approving the transactions.
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the Circular/Statement by 10% or more and must include the information as may be prescribed in its announcement.

The Proposed Renewal of Existing Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Existing Shareholders' Mandate shall only continue to be in force until:

- (a) the conclusion of the next AGM of Teo Seng at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

2.1 Class and Nature of Related Party Transactions

No	Transacting party	Nature of relationship	Nature of transactions	Estimated value of transactions from coming AGM to the next AGM (RM)	Estimated value of transactions from 28 May 2019 to coming AGM (RM)	Actual value of transactions from 28 May 2019 to 12 June 2020 (RM)
1	EGSB and its subsidiary companies	<p>Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang ("Lau Brothers") and Datuk Lau Joo Hong, Lau Joo Han, Lau Joo Keat together with Lau Jui Peng ("Teo Seng Director") are Directors and/or shareholders (direct and/or indirect) of EGSB Group and/or Teo Seng Group.</p> <p>In addition, LH(M)SB, AVSB and F.E Venture Sdn Bhd, the direct and/or indirect subsidiaries of EGSB, collectively holding 54.62 % in Teo Seng which in turn makes EGSB an indirect major shareholder of Teo Seng.</p> <p>CWL, Datuk Lau Joo Hong, Lau Jui Peng, Lau Joo Heng and Lau Joo Han, major shareholders of EGSB (direct and /or indirect) are also indirect major shareholders of Teo Seng by virtue of its/their direct and/or indirect interest in EGSB.</p> <p>Datuk Lau Joo Hong, and his siblings Lau Jui Peng and Lau Joo Heng collectively control 100% of CWL.</p>	<p>Sales to EGSB Group: Eggs & old hen, egg tray, veterinary products, raw material and feed</p> <p>Purchase from EGSB Group: Day-old-chick (DOC), veterinary products, raw material, feed, and sundry goods</p> <p>Other services by EGSB Group: Secretarial Service, Information Technology Services and Laboratory Services</p> <p>Sub-Total</p>	23,394,000	23,573,000	20,749,921
				49,013,000	63,573,000	37,502,993

2	Blue Home Marketing Sdn Bhd (“Blue Home”)	<p>Nam Yok San, Teo Sik Ghood and Nam Poren collectively hold 90% equity interest in Blue Home, is the sibling, sister-in-law and nephew respectively to Na Hap Cheng, Na Yok Chee, Nam Hiok Yong, and Nam Hiok Joo (“Nam Brothers”), directors and/or shareholders of Teo Seng Group. Nam Brothers and family members collectively holds 4.28% in Teo Seng. Na Hap Cheng and Na Yok Chee hold 52.19% indirect interest in Teo Seng through Unigold Capital Sdn Bhd in AVSB.</p> <p>Loh Wee Ching, a Director of Teo Seng is the Director in Blue Home and owns 10% equity interest in Blue Home.</p>	Service by Blue Home: Transportation	11,700,000	10,075,000	8,908,071
3	Poly Yarn Industries Sdn Bhd (“PY”)	<p>Lau Joo Han is a Director of PY and Teo Seng Group.</p> <p>The Estate of Dato’ Lau Bong Wong, LHM and Leong Hup Corporation Sdn Bhd (“LHC”) collectively hold 96.32% equity interest in PY. LHM, a company controlled by Lau Brothers and their family members. LHC is a company 100% controlled by Lau Jui Peng and his siblings, Datuk Lau Joo Hong and Lau Joo Heng, Lau Brothers and their family members. LHM and LHC do not hold any direct or indirect shares in Teo Seng.</p>	Purchase from PY Group: Packing materials	200,000	200,000	80,425

4	Astaka Shopping Centre (Muar) Sdn Bhd (“ASC SB”) and Group	Datuk Lau Joo Hong, Lau Joo Han, Lau Joo Ping and Lau Jui Peng are Directors of ASCSB and/or Teo Seng Group. Datuk Lau Joo Hong, Lau Joo Han and Lau Jui Peng are indirect major shareholders of Teo Seng. ASCSB is wholly-owned subsidiary of Xing Ji Food Products Sdn Bhd which in turn wholly-owned by LHM, a company controlled by Lau Brothers’ and their family members and Directors of ASCSB.	Sales to ASCSB Group: Eggs Purchase from ASCSB Group: Sundry goods Sub-Total	1,050,000 50,000 <u>1,100,000</u>	1,050,000 50,000 <u>1,100,000</u>	645,350 25,190 <u>670,540</u>
5	Teratai Agriculture Sdn Bhd (“TASB”)	Lau Joo Han and Lau Joo Ping are the Directors of TASB (collectively “TASB Directors”) Datin Heng Ah Pee, Datin Chua Ah Nia @ Chua Kah Nui, Goh Cha Boh @ Goh Hui Siang, Datin Goh Kim Kooi, Lai Chong Koo, Puan Sri Wong Kee Choo (collectively referred as “Individual Shareholders”) and Sri Menawan Sdn Bhd (wholly controlled by abovementioned Individual Shareholders), are major shareholders of TASB (collectively referred as “TASB Major Shareholders”). TASB Directors and TASB Major Shareholders are persons connected to Tan Sri Lau Tuang Nguang, Lau Jui Peng and Lau Joo Han, who are the Directors of Teo Seng Group.	Sales to TASB: Veterinary products	600,000	600,000	371,152

6	KPF Farming Sdn Bhd (“KPF”)	Tan Sri Lau Tuang Nguang, a Director of Teo Seng Group and shareholder of Teo Seng is a Director of KPF, owns 10% equity interest in KPF	<p>Sales to KPF: Pullet, egg tray, feed and veterinary products</p> <p>Purchase from KPF: Eggs and old hen</p> <p>Other services to KPF: Technical & farm cleaning</p> <p>Sub-Total</p>	- - -	<p>15,500,000</p> <p>19,200,000</p> <p>500,000</p> <p>35,200,000</p>	<p>7,571,063</p> <p>11,354,321</p> <p>96,000</p> <p>19,021,384</p>
7	Popular Yield Sdn Bhd (“PYSB”)	<p>Lau Joo Yong, Lau Joo Pern and Tan Lai Kai are directors of PYSB. Lau Brothers and their family members together with Datuk Lau Joo Hong, Lau Jui Peng, Lau Joo Heng and Lau Joo Han collectively hold 100% equity interest in PYSB.</p> <p>Lau Jui Peng and his siblings, Datuk Lau Joo Hong and Lau Joo Heng and Lau Joo Han are indirect major shareholders of Teo Seng. Tan Sri Lau Tuang Nguang, Lau Jui Peng and Lau Joo Han are directors of Teo Seng Group.</p> <p>Lau Joo Yong and Lau Joo Pern are sons/nephews of Lau Brothers.</p>	<p>Sales to PYSB: Fermented fertiliser</p>	100,000	100,000	10,955

Note: The estimated value of transactions from the coming AGM to the next AGM in the above tables are based on the information available at the point of preparing this circular/statement. The estimated value of the transactions may vary from the actual value of the transaction in the future.

2.1 (a) **AMOUNTS DUE AND OWING BY RELATED PARTIES PURSUANT TO RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”)**

The aggregate principal amount of outstanding RRPT receivables which have exceeded the credit term as at the 31 December 2019 are as follow:

No	Transacting Party(ies)	Nature of Transactions	Total Outstanding RRPT Receivables as at 31 Dec 2019 (RM)	Outstanding RRPT Receivables as at 31 December 2019 which exceed normal credit term of			
				1 year or less (RM)	More than 1 to 3 years (RM)	More than 3 to 5 years (RM)	More than 5 years (RM)
1	KPF Farming Sdn Bhd (“KPF”)	Sales of feed, veterinary products and paper egg tray	1,110,040	1,110,040	-	-	-
2	Teratai Agriculture Sdn Bhd (“TASB”)	Sales of veterinary products	35,124	-	-	-	-
3	EGSB and its subsidiary companies (“EGSB”)	Sales of egg, old hen, veterinary products, paper egg tray	1,949,055	-	-	-	-
TOTAL			3,094,219	1,110,040	-	-	-

There will be no interest on late payment to be imposed on the total outstanding RRPT receivables as the transactions are trade in nature. The imposition of late payment interest is not a practice among the players in the domestic industry.

The Company follows up closely with the customers to recover the outstanding amount which exceeded normal credit term and the overdue amount of RM1.11 million is collectable as KPF has undertaken to repay the outstanding amount.

2.2 Rationale of the Recurrent Related Party Transactions

The Related Party Transactions to be entered into by Teo Seng Group are in the ordinary course of business. They are recurrent transactions of a revenue or trading nature, which are likely to occur with some degree of frequency and which may arise at any time and from time to time. These transactions may be constrained by their time-sensitive and confidential nature, and it may be impracticable to seek shareholders' approval on a case-by-case basis before entering into such transactions. As such, the Board is seeking the shareholders' mandate pursuant to paragraph 10.09 of the Listing Requirements for the transactions described in Section 2.1 above to allow the Group to enter into such recurrent Related Party Transaction on terms which are not more favourable to the Related Party than those generally available to the public and not to the detriment of the minority shareholders of Teo Seng.

By obtaining the shareholders' mandate and renewing the same on an annual basis, the Company does not need to convene separate meetings from time to time to seek the shareholders' approval as and when such Recurrent Related Party Transactions occur. This would substantially reduce administrative time, inconvenience, expenses associated with the convening of such meetings, without compromising the corporate objectives of Teo Seng Group or adversely affecting the business opportunities available to the Group.

2.3 Benefits

The Recurrent Related Party Transactions are carried out in the ordinary course of business at arm's length and on normal commercial terms which are not prejudicial to minority interest. The Related Party Transactions to be entered into are intended to meet the business needs of the Group at the best possible terms. The Group has long-standing business relationship with the Related Party and the close co-operation has yielded mutual benefits which are expected to continue to be beneficial to the business of the Group.

2.4 Guidelines and Approval of Recurrent Related Party Transactions

All Recurrent Related Party Transactions are subject to the review and/or approval of the appropriate level of authority pursuant to the procedures as disclosed in the following section set by the executive directors and/or senior management (such as delegated general managers or department managers, depending on types of transactions), to ensure the Recurrent Related Party Transactions will be carried out on arm's length basis, on transaction prices and terms not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders.

The guidelines for the relevant approving authority practised by Teo Seng Group in relation to Recurrent Related Party Transactions are as follow: -

- (i) Transactions below RM100,000 each in value will be reviewed and approved by department manager or such other senior executive(s) (not being a person connected to the Related Party)
- (ii) Transactions equal to or exceeding RM100,000 each in value will be reviewed and approved by General Manager or such other senior executive(s) (not being a person connected to the Related Party)

2.5 Review Procedures for Recurrent Related Party Transactions

Teo Seng has established adequate procedures to ensure that the RRPTs are conducted at arm's length and on normal terms consistent with the Group's usual business practices and policies that are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of minority shareholders.

The procedures, *inter alia*, are as follows:

- (a) The identity of the Related Party is disclosed/circulated within the Group and at the same time, the Related Party is notified that all Recurrent Related Party Transactions are required to be taken on arm's length basis and on normal commercial terms not more favourable to the Related Party than those generally available to the public;
- (b) The management of the Group has been kept informed of the procedures applicable to the RRPTs, and should ensure that Recurrent Related Party Transactions would be entered into after taking into account the exclusivity of the distributorship, pricing, quality, expertise required and other related factors;
- (c) The transaction prices are determined by the prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties; business practices and policies and on terms which are generally in line with industry norm;
- (d) Records of all Recurrent Related Party Transactions have been maintained and reports thereof will be circulated to the Audit Committee on quarterly basis for the Audit Committee's notation, review and monitoring of such Recurrent Related Party Transactions;
- (e) The annual internal audit plan incorporates review of the procedures governing the reporting and approval of Recurrent Related Party Transactions entered into by the Group and its compliance. The Board and the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor the Recurrent Related Party Transactions have been complied;
- (f) If a member of the Board and/or Audit Committee has an interest, direct and/or indirect as the case may be, the Director concerned will abstain from deliberation and voting in respect of the Recurrent Related Party Transactions;
- (g) All operating divisions and our subsidiaries are required to review their existing information pertaining to the Recurrent Related Party Transactions on an on-going basis to ensure that features are incorporated into the systems for capturing information at source.

At least 2 other contemporaneous transactions with unrelated third parties for similar products/services, and/or quantities will be used as comparison, whenever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same/substantial similar type of products/services and/or quantities. Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by Teo Seng Group based on those offered to/by other unrelated parties for the same or substantial similar type of transaction to ensure that the Recurrent Related Party Transaction is not detrimental to Teo Seng Group.

2.6 Statement by Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Section 2.5 above at least once a year and are of the view that the said procedures are sufficient to ensure that the Recurrent Related Party Transactions shall be transacted on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Audit Committee further affirms that the Company maintaining adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner.

If during its periodic reviews, the Audit Committee is of the view that such procedures and processes are no longer appropriate or adequate, the Audit Committee has the discretion to request for additional procedures and will draw it to the attention of the Board and, if necessary, the Company will establish a new guidelines and procedures.

2.7 Condition to the Proposed Renewal of Existing Shareholders' Mandate

The Proposed Renewal of Existing Shareholders' Mandate s are conditional upon the approval of the shareholders of Teo Seng at the forthcoming 14th AGM to be convened.

3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, as at 12 June 2020, none of the directors, major shareholders of Teo Seng and/or persons connected with the directors and/or major shareholders of Teo Seng, have any interest, direct or indirect, in the Proposed Renewal of Existing Shareholders' Mandate.

Name	---- Number of Teo Seng Shares held ----			
	Direct	%	Indirect	%
Interested Director				
Lau Jui Peng	-	-	160,489,003 ⁵	54.62
Nam Hiok Joo	166,602	0.06	-	-
Interested Major Shareholder				
AVSB	153,369,003	52.19	-	-
LH(M)SB	7,000,000	2.38	153,489,003 ¹	52.23
Unigold Capital Sdn Bhd	-	-	153,369,003 ¹	52.19
LHI	-	-	160,489,003 ²	54.62
EGSB	-	-	160,489,003 ³	54.62
CWL	-	-	160,489,003 ⁴	54.62
Lau Joo Han	-	-	160,489,003 ⁴	54.62
Datuk Lau Joo Hong	-	-	160,489,003 ⁵	54.62
Lau Jui Peng	-	-	160,489,003 ⁵	54.62
Lau Joo Heng	-	-	160,489,003 ⁵	54.62
Na Hap Cheng	254,000	0.09	153,881,003 ^{6&7}	52.37
Na Yok Chee	577,886	0.20	154,708,503 ^{6&7}	52.65

Name	---- Number of Teo Seng Shares held ----			
	Direct	%	Indirect	%
Persons connected with Interested Directors and/or Interested Major Shareholder				
F.E Venture Sdn Bhd	120,000	0.04	-	-
Dato' Lau Eng Guang	5,668,200	1.93	-	-
Tan Sri Lau Tuang Nguang	20,000	0.01	-	-
Lau Hai Nguan	30,000	0.01	-	-
Goh Cha Boh @Goh Hui Siang	1,397,800	0.48	-	-
Lai Chong Koo	1,112,000	0.38	-	-
Ng Lee Ping	1,545,500	0.53	-	-
Nam Yok San	1,585,733	0.54	-	-
Nam Hiok Yong	1,260,818	0.43	-	-
Nam Hiok Yok	714,500	0.24	-	-
Yau Tai Thye	500,000	0.17	-	-
Han Soon Inn	124,500	0.04	-	-
Teo Sik Ghoo	4,307,400	1.47	-	-
Soh Kian	1,104,000	0.38	-	-
Na Eluen	512,000	0.17	-	-
Na Yi Chan	615,000	0.21	-	-
Na Yi Hwee	600,000	0.20	-	-
Nam Ze Cung	242,500	0.08	-	-

Notes:

1. Deemed interested by virtue of its interest in AVSB and/or subsidiary pursuant to Section 8(4) of the Act.
2. Deemed interested by virtue of its interest in LH(M)SB pursuant to Section 8(4) of the Act
3. Deemed interested by virtue of its interest in LHISB s pursuant to Section 8(4) of the Act
4. Deemed interested by virtue of their interest in EGSB pursuant to Section 8(4) of the Act.
5. Deemed interested by virtue of their interest in CWL pursuant to Section 8(4) of the Act.
6. Deemed interested by virtue of their interest in Unigold Capital Sdn Bhd pursuant to Section 8(4) of the Act.
7. Deemed interested by virtue of his indirect equity interest in Teo Seng via his spouse and/or children.

Accordingly, the Directors of Teo Seng, namely Lau Jui Peng and Nam Hiok Joo (“Interested Directors”), who are interested in the Proposed Renewal of Shareholders’ Mandate by virtue of them being persons connected to the interested major shareholders, AVSB, LH(M)SB, LHI, EGSB and Unigold Capital Sdn Bhd have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed Renewal of Existing Shareholders’ Mandate . The Interested Directors will also abstain from voting on the ordinary resolutions pertaining to the Proposed Renewal of Shareholders’ Mandate at the forthcoming 14th AGM of the Company.

The Interested Major Shareholders will abstain from voting on the ordinary resolutions pertaining to the Proposed Renewal of Existing Shareholders’ Mandate at the forthcoming 14th AGM of the Company.

Both Interested Directors and Interested Major Shareholders further undertake to ensure that persons connected to them, and having interests in the Company, will abstain from voting on the ordinary resolutions pertaining to the Proposed Renewal of Existing Shareholders’ Mandate at the forthcoming 14th AGM of the Company.

4. DIRECTORS' RECOMMENDATION

The Board (except for the Interested Directors) is of the opinion that the Proposed Renewal of Existing Shareholders' Mandate are in the best interest of the Company and its shareholders and therefore recommend you to vote in favour of the ordinary resolutions pertaining to the Proposed Renewal of Existing Shareholders' Mandate to be tabled at the forthcoming 14th AGM of the Company.

5. AGM

The ordinary resolution pertaining to the Proposed Renewal of Existing Shareholders' Mandate are set out in the Notice of the 14th AGM of the Company contained in the Annual Report for the financial year ended 31 December 2019 of the Company, which is being sent to you together with this Circular/Statement. The 14th AGM of the Company is to be held at Teo Seng Capital Berhad Conference Room, First Floor, Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor.

If you are unable to attend and vote in person at the 14th AGM of the Company, you may send a proxy by completing, signing and returning the enclosed Proxy Form set out in Annual Report for the financial year ended 31 December 2019 of the Company, in accordance with the instructions printed thereon, as soon as possible, so as to arrive at the Company's Share Registrar ,Tricor Investor & Issuing House Services Sdn.Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit your electronic proxy form via TIIH Online at <https://tiih.online> not later than 48 hours before the time set for holding the meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at the forthcoming 14th AGM of the Company should you wish to do so.

6. FURTHER INFORMATION

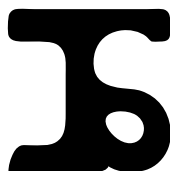
You are requested to refer to the attached Appendix I for further information.

Yours faithfully
for and on behalf of the Board of
TEO SENG CAPITAL BERHAD

FREDERICK NG YONG CHIANG
Independent Non-Executive Director

PART B

**PROPOSED RENEWAL OF AUTHORITY FOR
SHARE BUY-BACK UP TO TEN PER CENTUM (10%)
OF THE TOTAL NUMBER OF ISSUED SHARES
OF THE COMPANY**



TEO SENG CAPITAL BERHAD
Registration No. 200601013011 (732762-T)
(Incorporated in Malaysia)

Registered Office
201 – 203 Jalan Abdullah
84000 Muar
Johor Darul Takzim

30 June 2020

Board of Directors:

Lau Jui Peng (*Non-Executive Chairman*)
Nam Hiok Joo (*Managing Director*)
Loh Wee Ching (*Non-Executive Director*)
Dato' Koh Low @ Koh Kim Toon (*Independent Non-Executive Director*)
Choong Keen Shian (*Independent Non-Executive Director*)
Frederick Ng Yong Chiang (*Independent Non-Executive Director*)

To the Shareholders of Teo Seng

Dear Sir/Madam,

PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK UP TO TEN PER CENTUM (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY

1. INTRODUCTION

On 22 April 2020, the Board of Directors announced that the Company proposes to seek its shareholders' approval to renew the authority for the Company to purchase of its own shares on Bursa Securities of up to ten per centum (10%) of the total number of issued shares of the Company at the 14th AGM to be convened.

The purpose of Part B of this Statement is to provide you with information on the Proposed Renewal of Authority for Share Buy-Back, to set out the views of the Board and to seek your approval for the resolutions pertaining to the Proposed Renewal of Authority for Share Buy-Back to be tabled at the forthcoming Fourteenth Annual General Meeting ("14th AGM") of the Company, to be held at Teo Seng Capital Berhad Conference Room, First Floor, Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor, on Wednesday, 12 August 2020, at 11.30 a.m. The Notice of 14th AGM together with the Proxy Form are set out in the Annual Report for the financial year ended 31 December 2019.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR/STATEMENT CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK AT THE FORTHCOMING 14TH AGM

2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

On 28 May 2019, the Board obtained shareholders' mandate for the Company to purchase and/or hold in aggregate up to ten per centum (10%) of the total issued and paid-up share capital of the Company at any point of time through Bursa Securities. The Proposed Renewal of Authority for Share Buy-Back is subject to compliance with Section 127 of the Act and any prevailing laws and regulations issued by the relevant authorities.

For illustration purposes, the maximum number of Shares that may be purchased under the Proposed Renewal of Authority for Share Buy-Back based on the existing total number of issued Shares as at 12 June 2020 are as follow: -

	<u>No of Shares</u>
Total number of issued Shares as at 12 June 2020 (including Treasury Shares)	<u>300,008,175</u>
10% of the total number of issued Shares	30,000,817
Less: Treasury Shares held as at 12 June 2020	(6,156,700)

Maximum number of shares that may be purchased pursuant to the Proposed Renewal of Authority for Share Buy-Back	<u>23,844,117</u>

The authorisation for the Proposed Renewal of Authority for Share Buy-Back will be effective upon the passing of the ordinary resolutions for the renewal of Proposed Renewal of Authority for Share Buy-Back at the forthcoming 14th AGM until:

- (i) the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

3. FUNDING FOR THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Pursuant to the Paragraph 12.10(1) of the Listing Requirements, the Proposed Renewal of Authority for Share Buy-Back must be made wholly out of retained profits of the Company. Therefore, the Board proposes to allocate a maximum amount of funds up to the retained profits of the Company for the purchase of its own shares subject to compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase. The audited financial statements of the Company as at 31 December 2019 showed a retained profit of RM29,549,710.

The funding of the Proposed Renewal of Authority for Share Buy-Back will be from internal generated funds and/or borrowings. The amount of internal generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internal generated funds, actual number of Shares to be purchased and other relevant cost factors. The actual number of Teo Seng Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Company.

In the event of the Company purchases and holds its own Shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the Company.

4. RATIONALE, POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Board is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is expected to potentially benefit the Company and shareholders as follows:

- (a) if purchased shares are cancelled, the EPS of Teo Seng Group would be enhanced (all things being equal). This should have a positive impact on the market price of Teo Seng Shares which should benefit shareholders of Teo Seng.
- (b) if the Shares are bought back as Treasury Shares, it may provide the Company with an opportunity to sell the Purchased Shares at a higher price which should benefit the Company.
- (c) the Purchased Shares can be distributed as share dividends to the shareholders of the Company.

The Proposed Renewal of Authority for Share Buy-Back, if implemented, will reduce the financial resources of Teo Seng and may result in Teo Seng Group foregoing any good investment opportunities that may emerge in the future or reduce interest income that may derive from depositing the funds in interest bearing instruments. It may also result in a lower amount of cash reserve available for dividends to be declared to shareholders as funds are utilised to purchase Shares.

Save as disclosed above, the Proposed Renewal of Authority for Share Buy-Back is not expected to have any potential material disadvantage to the shareholders of the Company as well as the Group as it will be exercised only after due consideration of the financial resources of Teo Seng Group and of the resultant impact on the shareholders. The Directors in exercising any decision on the Proposed Renewal of Authority for Share Buy-Back will be mindful of the interest of the Company and that of its shareholders.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Based on the assumption that the proposed purchase is carried out in full, the effect of the proposed purchase on the share capital, earnings and NA of Teo Seng are set out below:

5.1 Issued and paid up share capital

The effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital of Teo Seng will depend on the intention of the Board with the treatment of the Purchase Shares. If the Purchased Shares are cancelled, it will result in a reduction on the total issued and paid up share capital of the Company as shown in the table below.

Conversely, if the Purchase Shares are retained as treasury shares, the Proposed Renewal of Authority for Share Buy-Back will not have any effect on the issued and paid up share capital of Teo Seng. Nevertheless, certain rights attached to the Teo Seng Shares will be suspended while they are held as treasury shares.

The Proposed Renewal of Authority for Share Buy-Back will result in the reduction of the issued share capital of the Company if all Shares purchased are cancelled as shown below:

Total Number of Issued Shares	No of Shares
Existing as at 12 June 2020 (Including Treasury Shares)	300,008,175
Assuming cancellation of Shares purchased under the Proposed Renewal of Authority for Share Buy-Back	(23,844,117)
Assuming the cancellation of the Treasury Shares held as at 12 June 2020	<u>(6,156,700)</u>
Upon completion of the Proposed Renewal of Authority for Share Buy-Back	<u>270,007,358</u>

5.2 Earnings

Assuming that the Purchase Shares under the Proposed Renewal of Authority for Share Buy-Back are cancelled, the Proposed Renewal of Authority for Share Buy-Back may increase the EPS of Teo Seng. In addition, on the assumption that the Purchased Shares are treated as Treasury Shares and subsequently resold, the earnings of Teo Seng Group may be affected depending on the actual selling price and number of Treasury Shares resold. In the event of the Purchased Shares are held as Treasury Shares, i.e. neither cancelled nor resold, the effective reduction in the issued and paid share capital of the Company pursuant to the Proposed Renewal of Authority for Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Group.

5.3 NA

The Proposed Renewal of Authority for Share Buy-Back may increase or decrease the NA per share of Teo Seng Group depending on the acquisition cost in comparison to the NA per share of Teo Seng at the time that the purchase is made. Assuming Teo Seng Shares purchased are cancelled, the Proposed Renewal of Authority for Share Buy-Back will reduce the NA per share if the acquisition cost exceeds the NA per share at the time of purchase and conversely would increase the NA per share if the acquisition cost is less than the NA per share at the time of purchase.

If the Purchase Shares are kept as Treasury Shares, the NA per Teo Seng Share would decrease unless the cost per share of the Treasury Shares purchased is below the NA per share at the relevant point in time. This is due to the requirement for Treasury Shares to be carried at cost resulting in a decrease in the NA of the Company.

The Proposed Renewal of Authority for Share Buy-Back is likely to reduce the working capital of Teo Seng Group, the quantum of which will depend on the actual purchase price and number of shares that would be purchased pursuant to the Proposed Renewal of Authority for Share Buy-Back.

5.4 Dividend

As the Proposed Renewal of Authority for Share Buy-Back must be made wholly out of the Company's retained profits, the Proposed Renewal of Authority for Share Buy-Back will reduce the amount available from these accounts for distribution of dividends to shareholders of the Company accordingly. Barring any unforeseen circumstances, the Proposed Renewal of Authority for Share Buy-Back is not expected to have any material impact on the policy of the Board in recommending dividends for the financial year ending 31 December 2020, which would depend on, amongst others, the profitability, cash flows position and financing requirement of the Teo Seng Group. On the other hand, the purchased Teo Seng Shares may be distributed as dividends to the shareholders of the Company, the Board so decides.

6. SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS

6.1 Substantial shareholders' shareholdings

Assuming the Proposed Renewal of Authority for Share Buy-Back is carried out in full, the effects of such purchase on the shareholdings of the substantial shareholders (holding 5% or more in the share capital) in Teo Seng as at 12 June 2020 are as follows:-

	As at 12 June 2020			After Proposed Renewal of Authority for Share Buy-Back			
	Direct No of Shares	%@	Indirect No of Shares	%@	Direct No of Shares	Indirect No of Shares	%*
AVSB	153,369,003	52.19	-	-	153,369,003	-	-
LH(M)SB	7,000,000	2.38	153,489,003 ¹	52.23	7,000,000	153,489,003 ¹	56.85
Unigold Capital Sdn. Bhd	-	-	153,369,003 ¹	52.19	-	153,369,003 ¹	56.80
LHI	-	-	160,489,003 ²	54.62	-	160,489,003 ²	59.44
EGSB	-	-	160,489,003 ³	54.62	-	160,489,003 ³	59.44
CWL	-	-	160,489,003 ⁴	54.62	-	160,489,003 ⁴	59.44
Lau Joo Han	-	-	160,489,003 ⁴	54.62	-	160,489,003 ⁴	59.44
Datuk Lau Joo Hong	-	-	160,489,003 ⁵	54.62	-	160,489,003 ⁵	59.44
Lau Jui Peng	-	-	160,489,003 ⁵	54.62	-	160,489,003 ⁵	59.44
Lau Joo Heng	-	-	160,489,003 ⁵	54.62	-	160,489,003 ⁵	59.44
Na Hap Cheng	254,000	0.09	153,881,003 ^{6&7}	52.37	254,000	153,881,003 ^{6&7}	56.99
Na Yok Chee	577,886	0.20	154,708,503 ^{6&7}	52.65	577,886	154,708,503 ^{6&7}	57.30

Notes:

- @ Calculated based on the total number of Shares in issue net of 6,156,700 Teo Seng Shares held as Treasury Shares in the Company.
- * Calculated based on the total number of Shares in issue net of 30,000,817 Teo Seng Shares assumed to be held as Treasury Shares and /or to be cancelled .
- 1. Deemed interested by virtue of its interest in AVSB and/or subsidiary pursuant to Section 8(4) of the Act.
- 2. Deemed interested by virtue of its interest in LH(M)SB pursuant to Section 8(4) of the Act.
- 3. Deemed interested by virtue of its interest in LHI pursuant to Section 8(4) of the Act.
- 4. Deemed interested by virtue of their interest in EGSB pursuant to Section 8(4) of the Act.
- 5. Deemed interested by virtue of their interest in CWL pursuant to Section 8(4) of the Act.
- 6. Deemed interested by virtue of their interest in Unigold Capital Sdn. Bhd. pursuant to Section 8(4) of the Act.
- 7. Deemed interested by virtue of his indirect equity interest in Teo Seng via his spouse and/or children..

6.2 Directors' shareholdings

Assuming the Proposed Renewal of Authority for Share Buy-Back is carried out in full, the effects of such purchase on the shareholdings of the Directors in Teo Seng as at 12 June 2020 are as follows:-

	As at 12 June 2020		After Proposed Renewal of Authority for Share Buy-Back				
	Direct	Indirect	Direct	Indirect	Buy-Back	%*	
	No of Shares	%@	No. of Shares	%@	No. of Shares	%*	
Lau Jui Peng	-	-	160,489,003 ¹	54.62	-	-	59.44
Nam Hiok Joo	166,602	0.06	-	-	166,602	0.06	-

Notes:

@ Calculated based on the total number of Shares in issue net of 6,156,700 Teo Seng Shares held as Treasury Shares in the Company.

* Calculated based on the total number of Shares in issue net of 30,000,817 Teo Seng Shares assumed to be held as Treasury Shares and /or to be cancelled .

1. Deemed interested by virtue of his interest in CWL pursuant to Section 8(4) of the Act.

7. IMPLICATION OF THE CODE

The Proposed Renewal of Authority for Share Buy-Back will not trigger the Mandatory General Offer required under the Code. The existing Directors, Substantial Shareholders and persons connected to them will not incur an obligation to undertake a Mandatory General Offer under the Code for the balance of the shares, which he/she does not already own as a result of the Proposed Renewal of Authority for Share Buy-Back, since their current shareholdings already exceeded 50% of the total number issued shares of the Company.

8. PURCHASE OF TEO SENG SHARES IN THE PRECEDING TWELVE (12) MONTHS

The Company has purchased additional 5,947,700 Shares in the previous twelve (12) months, totaling 6,156,700 treasury shares as at 12 June 2020 and has not resold, cancelled and/or distributed any treasury shares as dividends in the same period.

The details of shares buy backs of the Company during the preceding twelve (12) months are as follows:

Date of Purchase	No. of Share Repurchased	Lowest Price RM	Highest Price RM	Average Price RM	TOTAL Purchase Consideration RM
25 Nov 2019	1,158,600	1.30	1.34	1.32	1,540,371.05
26 Nov 2019	1,714,500	1.32	1.35	1.34	2,311,274.65
27 Nov 2019	1,266,900	1.32	1.34	1.33	1,700,121.28
28 Nov 2019	610,000	1.34	1.36	1.35	825,080.33
29 Nov 2019	600,000	1.34	1.36	1.35	812,036.09
2 Dec 2019	555,000	1.34	1.36	1.35	749,741.06
3 Dec 2019	42,700	1.34	1.37	1.36	58,806.94

9. PUBLIC SHAREHOLDINGS SPREAD OF THE LISTED COMPANY

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd as at 12 June 2020, the public shareholding spread of Teo Seng is 37.78%. The public shareholding spread of Teo Seng would be reduced to approximately 32.29% assuming Teo Seng implements the Proposed Renewal of Authority for Share Buy-Back in full and that the Shares purchased are from public shareholders. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of Teo Seng shall not fall below 25% of the total number of issued shares of the Company at all times pursuant to the Proposed Renewal of Authority for Share Buy-Back, in accordance with Paragraph 12.14 of the Listing Requirements of Bursa Securities.

10. SHARE PRICES

The monthly highest and lowest prices of Teo Seng Shares traded on Bursa Malaysia for the past twelve (12) months ended 31 May 2020 are as follows:

	High (RM)	Low (RM)
2019		
June	1.150	1.003
July	1.270	1.050
August	1.150	1.030
September	1.170	1.070
October	1.310	1.120
November	1.420	1.250
December	1.420	1.250
2020		
January	1.310	1.070
February	1.190	1.000
March	1.060	0.650
April	1.120	0.950
May	1.250	0.905

The last transacted price of Teo Seng Shares on 12 June 2020, being the latest practicable date prior to the printing of this Circular/Statement was RM0.925.

11. INTERESTED DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage shareholdings of the Directors and substantial shareholders of Teo Seng as a result of the decrease in the issued and paid-up share capital after the Proposed Renewal of Authority for Share Buy-Back, none of the Directors and/or substantial shareholders and/or person(s) connected to them, has any interest, directly or indirectly, in the Proposed Renewal of Authority for Share Buy-Back and the subsequent resale of treasury shares, if any.

12. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposed Renewal of Authority for Share Buy-Back is of the opinion that the terms and conditions of the Proposed Renewal of Authority for Share Buy-Back are fair and reasonable in the Company's best interest. As such, the Board recommends that the shareholders of Teo Seng vote in favour of the resolutions in relation to the Proposed Renewal of Authority for Share Buy-Back to be tabled at the forthcoming 14th AGM of the Company.

13. APPROVAL REQUIRED

The Proposed Renewal of Authority for Share Buy-Back is subject to the approval of the shareholders of Teo Seng at the forthcoming 14th AGM.

14. **AGM**

The ordinary resolution pertaining to the Proposed Renewal of Authority for Share Buy-Back are set out in the Notice of the 14th AGM of the Company contained in the Annual Report for the financial year ended 31 December 2019 of the Company, which is being sent to you together with this Circular/Statement. The 14th AGM of the Company is to be held at Teo Seng Capital Berhad Conference Room, First Floor, Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor.

If you are unable to attend and vote in person at the 14th AGM of the Company, you may send a proxy by completing, signing and returning the enclosed Proxy Form set out in Annual Report for the financial year ended 31 December 2019 of the Company, in accordance with the instructions printed thereon, as soon as possible, so as to arrive at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn.Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit your electronic proxy form via TIIH Online at <https://tiih.online> not later than 48 hours before the time set for holding the meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at the forthcoming 14th AGM of the Company should you wish to do so.

15. **FURTHER INFORMATION**

You are requested to refer to the attached Appendix I for further information.

APPENDIX I

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Circular/Statement has been seen and approved by the Board who collectively and individually accept full responsibility for the accuracy of the information contained in this Circular/Statement and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts or omission of which would make any statement in this Circular/Statement misleading.

2. MATERIAL LITIGATION

Neither Teo Seng nor its subsidiary companies are engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, and the Directors of Teo Seng do not have any knowledge of any proceedings, pending or threatened against Teo Seng and/or its subsidiaries of any facts likely to give rise any proceedings which might adversely and materially affect the position or business of Teo Seng and its subsidiaries.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company or its subsidiaries during the two (2) years immediately preceding the date of this Circular/Statement:

- i. Sale and Purchase Agreement dated 18 July 2018 whereby Ritma Prestasi Sdn Bhd (“Ritma”) acquired from Unihub Auto Services Sdn Bhd, one (1) unit of Single Storey Semi-D Factory annexed with a Double Storey Office Building held under individual title Lot PT 49608 HSD 35156 measuring in total area approximately 1766 square meter, bearing the postal address Address: No.43, Jalan Meranti Jaya 11, Taman Meranti Jaya, 47120 Puchong Selangor for a cash consideration of RM7,800,000;
- ii. Purchase Agreement dated 15 March 2019 whereby Teo Seng Feedmill Sdn Bhd (“TSFM”) acquired from Solarvest Energy Sdn Bhd, one (1) set of turnkey solar PV system for a consideration of RM1,787,587-50;
- iii. Purchase Agreement dated 26 March 2019 whereby Teo Seng Farming Sdn Bhd (“TSF”) acquired from Sheng Hui Automate Co Ltd, Kaohsiung, Taiwan, one (1) unit of hard-boiled egg processing line for a cash consideration of RM1,134,515-70;
- iv. Memorandum of Agreement (“MOA”) dated 21 November 2019 between Teo Seng Capital Berhad and Solarvest Holdings Berhad for the investment in Solar Photovoltaic System to install solar PV panels with approximately 4,000 kWp (kilowattpeak) rooftop solar project in the Group for a total consideration of RM13,000,000;
- v. Sale and Purchase Agreement dated 21 January 2020 whereby Liberal Energy Sdn Bhd (“LESB”) acquired from Chui Nyu Fah and Lee Eyam Chu, three (3) pieces of vacant freehold agriculture land held under Geran Mukim 3752 Lot 3799 (formerly known as HS(M) 977 PT3799), Geran Mukim 4179 Lot 3801 (formerly known as HS(M) 572 PT805), Geran Mukim 4011 Lot 3803 (formerly known as HS(M) 573 PT842) measuring in total area approximately 23.6716 acres, all situated in Mukim Semantan, District of Temerloh, Negeri Pahang for a total consideration of RM1,727,910;

3. MATERIAL CONTRACTS (Continue)

- vi. Sale and Purchase Agreement dated 21 January 2020 whereby Liberal Energy Sdn Bhd (“LESB”) acquired from Lee Eyam Chu, two (2) pieces of vacant freehold agriculture land held under Geran Mukim 2792 Lot 4848 and HS(M) 3961 PT4660 measuring in total area approximately 13.7448 acres, all situated in Mukim Semantan, District of Temerloh, Negeri Pahang for a total consideration of RM1,003,313;
- vii. Sale and Purchase Agreement dated 31 January 2020 whereby Teo Seng Farming Sdn Bhd (“TSF”) acquired from East Yong Sdn Bhd, one (1) unit of 2-storey factory (Plot 3) erected on all that piece of freehold land held under individual title HS(M) 18906, PTD 94662 measuring in 1.000 acre, situated in Mukim Kluang, District of Kluang, Negeri Johor Darul Takzim for a total consideration of RM3,430,000; and
- viii. Separate Solar Photovoltaic Engineering, Procurement, Construction and Commissioning Agreements (“Phase 1 Agreements”) dated 25 March 2020 entered into between Teo Seng Farming Sdn Bhd (“TSF”) and Solarvest Energy Sdn. Bhd. (“SESB”) to install 1,167.36 kWp (kilowattpeak) of 6 rooftop solar projects with contract price of RM3,668,054.12

4. DOCUMENTS FOR INSPECTION

Copies of the following documents 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 any working day from the date of this Circular/Statement up to and including the date of the forthcoming 14th AGM of the Company:-

- a. the Constitution of Teo Seng;
- b. the audited consolidated financial statements for the past two financial years ended 31 December 2019 and 31 December 2018;
- c. the material litigation, claims and arbitration referred to in Section 2 above; and
- d. the material contracts and agreements referred to in Section 3 above.

