



德成控股有限公司

TEK SENG HOLDINGS BERHAD 200201011909
(579572-M)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	(Unaudited)	(Audited)
	As At	As At
	31.12.20	31.12.19
ASSETS	RM'000	RM'000
Non-current assets		
Property, plant and equipment	59,066	106,165
Right-of-use assets	5,765	8,405
Investment properties	118,306	71,251
	<u>183,137</u>	<u>185,821</u>
Current assets		
Inventories	29,065	31,968
Trade receivables	30,524	23,425
Other receivables, deposits and prepayments	1,550	2,505
Current tax assets	140	416
Cash and bank balances	63,322	36,090
	<u>124,601</u>	<u>94,404</u>
TOTAL ASSETS	<u>307,738</u>	<u>280,225</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	115,002	112,137
Retained earnings	100,222	74,443
	<u>215,224</u>	<u>186,580</u>
Non-controlling interests	41,132	43,858
Total equity	<u>256,356</u>	<u>230,438</u>
LIABILITIES		
Non-current liabilities		
Borrowings	19,970	19,970
Lease liabilities	91	307
Deferred tax liabilities	4,662	4,456
	<u>24,723</u>	<u>24,733</u>
Current liabilities		
Trade payables	4,648	5,940
Other payables	19,644	18,323
Lease liabilities	176	191
Current tax liabilities	2,191	600
	<u>26,659</u>	<u>25,054</u>
Total liabilities	<u>51,382</u>	<u>49,787</u>
TOTAL EQUITY AND LIABILITIES	<u>307,738</u>	<u>280,225</u>
Net Assets per Share (RM)	0.60	0.54
Net Assets (RM'000)	215,224	186,580

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2020

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.20	31.12.19	31.12.20	31.12.19
	RM'000	RM'000	RM'000	RM'000
Revenue	48,517	42,458	191,093	172,603
Cost of sales	(35,038)	(36,256)	(144,824)	(155,847)
Gross profit	<u>13,479</u>	<u>6,202</u>	<u>46,269</u>	<u>16,756</u>
Other operating income	4,193	2,597	14,845	10,819
Operating expenses	(7,828)	(35,147)	(25,690)	(65,804)
Finance costs	(172)	(183)	(706)	(460)
Profit / (Loss) before tax	<u>9,672</u>	<u>(26,531)</u>	<u>34,718</u>	<u>(38,689)</u>
Tax expense	(1,490)	(1,239)	(7,801)	(4,037)
Profit / (Loss) for the period	<u>8,182</u>	<u>(27,770)</u>	<u>26,917</u>	<u>(42,726)</u>
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income / (loss) for the period	<u>8,182</u>	<u>(27,770)</u>	<u>26,917</u>	<u>(42,726)</u>
Profit / (Loss) for the period attributable to:				
- Owners of the parent	8,164	(12,935)	27,413	(16,253)
- Non-controlling interests	<u>18</u>	<u>(14,835)</u>	<u>(496)</u>	<u>(26,473)</u>
Total comprehensive income / (loss) for the period attributable to:				
- Owners of the parent	8,164	(12,935)	27,413	(16,253)
- Non-controlling interests	<u>18</u>	<u>(14,835)</u>	<u>(496)</u>	<u>(26,473)</u>
Earnings / (Loss) per ordinary share attributable equity holders of the Company:				
Basic and diluted earnings / (loss) per share (sen)	<u>2.28</u>	<u>(3.71)</u>	<u>7.65</u>	<u>(4.67)</u>

(The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2020**

	Share Capital RM'000	<u>Distributable</u> Retained Earnings RM'000	Total Attributable To Owners of The Parent RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
As at 1 January 2019	111,871	92,051	203,922	73,848	277,770
Loss for the financial period	0	(16,253)	(16,253)	(26,473)	(42,726)
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive loss for the period	0	(16,253)	(16,253)	(26,473)	(42,726)
Transactions with owners					
Issuance of ordinary shares - exercise of warrants	266	0	266	0	266
Acquisition of shares from non-controlling interests	0	(1,355)	(1,355)	(3,517)	(4,872)
Total transactions with owners	266	(1,355)	(1,089)	(3,517)	(4,606)
As at 31 December 2019	112,137	74,443	186,580	43,858	230,438
As at 1 January 2020	112,137	74,443	186,580	43,858	230,438
Profit / (Loss) for the financial period	0	27,413	27,413	(496)	26,917
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income / (loss) for the period	0	27,413	27,413	(496)	26,917
Transactions with owners					
Issuance of ordinary shares - exercise of warrants	2,865	0	2,865	0	2,865
Acquisition of shares from non-controlling interests	0	(1,634)	(1,634)	(2,230)	(3,864)
Total transactions with owners	2,865	(1,634)	1,231	(2,230)	(999)
As at 31 December 2020	115,002	100,222	215,224	41,132	256,356

(The Unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2020**

	12 months ended	
	31.12.20	31.12.19
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before tax	34,718	(38,689)
Adjustments for :		
Bad debts written off	523	470
Reversal of impairment losses on receivables	(363)	(405)
Impairment losses on receivables	0	50
Depreciation of property, plant and equipment	5,583	11,909
Depreciation of investment properties	1,807	1,143
Depreciation of right-of-use assets	351	287
Interest expense	706	460
Interest income	(1,010)	(613)
Inventories written back	0	(301)
Net unrealised (gain) / loss on foreign exchange	(84)	102
Inventories written down	0	299
Gain on modification of lease term	(4)	0
Impairment losses on property, plant and equipment	552	44,131
Gain on disposal of property, plant and equipment	(371)	(54)
Operating profit before working capital changes	42,408	18,789
Decrease in inventories	2,903	8,130
Increase in trade and other receivables	(6,297)	(115)
Increase / (Decrease) in trade and other payables	23	(1,647)
Cash generated from operations	39,037	25,157
Interest paid	(11)	(18)
Interest received	1,010	613
Tax refunded	6	568
Tax paid	(5,734)	(4,747)
Net cash from operating activities	<u>34,308</u>	<u>21,573</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	645	95
Purchase of property, plant and equipment	(5,926)	(4,506)
Acquisition of shares from non-controlling interests	(3,864)	(4,872)
Net cash used in investing activities	<u>(9,145)</u>	<u>(9,283)</u>
Cash flows from financing activities		
Drawdown of term loans	0	20,000
Repayments of term loans	(676)	(459)
Repayments of lease liabilities	(203)	(86)
Proceeds from issuance of shares pursuant to exercise of warrants	2,865	266
Net cash from financing activities	<u>1,986</u>	<u>19,721</u>
Net increase in cash and cash equivalents	27,149	32,011
Effect of exchange rate changes on cash and cash equivalents	83	(176)
Cash and cash equivalents at beginning of the financial period	36,090	4,255
Cash and cash equivalents at end of the financial period	<u><u>63,322</u></u>	<u><u>36,090</u></u>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2020 (Continued)**

Cash and cash equivalents at the end of the financial period comprise of the following :

	As at 31.12.20 RM'000	As at 31.12.19 RM'000
Cash and bank balances	<u>63,322</u>	<u>36,090</u>
	<u>63,322</u>	<u>36,090</u>

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Term loans RM'000
As at 1 January 2020	498	19,970
Cash flows		
- repayments	(203)	(676)
Non-cash flows		
- unwinding of interest	19	676
- effect of modification of lease term	(47)	0
As at 31 December 2020	<u>267</u>	<u>19,970</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MFRS 134

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards ('MFRS') No. 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2019.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2019.

The Group had adopted the following Amendments to Standards, with a date of initial application of 1 January 2020.

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 *Definition of a Business*

Amendments to MFRS 101 and MFRS 108 *Definition of Material*

Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*

Amendments to MFRS 16 *Covid-19-Related Rent Concessions*

Amendments to MFRS 4 *Extension of the Temporary Exemption from Applying MFRS 9*

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRS 17 Insurance Contracts

Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*

Annual Improvements to MFRS Standards 2018 - 2020

Amendments to MFRS 3 *Reference to the Conceptual Framework*

Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*

Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*

Amendments to MFRS 17 *Insurance Contracts*

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest rate Benchmark Reform - Phase 2*

A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

A3. Seasonal and Cyclical factors

Other than solar segment, the Group's products are subject to some seasonality whereby will be peaks before the major festivals such as Hari Raya, Christmas day, New Year and Chinese New Year.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows because of their nature, size, or incidence for the current quarter under review and financial year to date.

A5. Material Changes in Estimates

There were no other changes in accounting estimates of amounts reported in prior interim periods or the current financial period or changes in estimates of amounts reported in prior financial years.

A6. Issuances and repayment of debt and equity securities

For the financial year to date, there was no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, save for the disclosure below:

- Issuance of 11,458,275 new ordinary shares pursuant to the exercise of warrants at RM0.25 per share. The total cash proceeds arising from the exercise of warrants during the current financial period amounted to RM2,864,569.

On 30 January 2020, Tek Seng warrants had expired and removed from the official list of Bursa Securities.

A7. Dividend paid

There was no dividend paid during the current quarter.

A8. Other Operating Income

	Current Quarter 31.12.2020 RM'000	12 months Cumulative 31.12.2020 RM'000
Interest income	216	1,010
Gain on disposal of property, plant and equipment	0	371
Income from sale of solar energy	0	1,510
Foreign exchange gain	39	340
Rental income	1,530	4,170
Other income	2,408	7,444
Total other operating income	<u>4,193</u>	<u>14,845</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A9. Operating Expenses

	Current Quarter 31.12.2020 RM'000	12 months Cumulative 31.12.2020 RM'000
Depreciation of property, plant and equipment	1,372	2,461
Depreciation of investment properties	664	1,807
Salaries, allowances and bonus	2,241	8,608
Transportation	1,776	6,749
Water and electricity	21	85
General repairs and maintenance	253	821
Impairment of property, plant and equipment*	0	552
Depreciation of right-of-use assets	85	256
Others	1,416	4,351
Total operating expenses	<u>7,828</u>	<u>25,690</u>

*The Group has carried out impairment review on property, plant and equipment. An impairment loss of RM551,759 has been recognised in the profit or loss. The recoverable amounts were based on fair value less cost to sell method. The fair value less cost to sell was determined based on Directors' estimation by reference to independent supplier's valuation.

A10. Finance costs

	Current Quarter 31.12.2020 RM'000	12 months Cumulative 31.12.2020 RM'000
Interest on term loans	166	676
Interest on lease liabilities	3	19
Others	3	11
Total finance costs	<u>172</u>	<u>706</u>

A11. Segmental Reporting

The Group is principally involved in investment holding and its subsidiaries are principally engaged in manufacturing and trading of Polyvinyl Chloride ('PVC') related products and Polypropylene ('PP') Non-Woven, trading of Solar Cell products and generate and supply the renewable energy.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies.

The reportable segments are summarised as follows:

- (i) PVC
Manufacturing and trading of PVC Sheeting, PP Non-Woven, PP Transparent and Translucent Sheet, PVC Leather related products for industrial and consumer use.
- (ii) Solar
Trading of Solar Cell products and Generate and supply the renewable energy.

	PVC RM'000	Solar RM'000	Group RM'000
1 October 2020 to 31 December 2020			
Revenue			
Total revenue	61,956	406	62,362
Elimination	(13,845)	0	(13,845)
Revenue from external customers	<u>48,111</u>	<u>406</u>	<u>48,517</u>
Results			
Segment results	7,237	(1,586)	5,651
Other operating income	2,436	1,757	4,193
Finance costs	(6)	(166)	(172)
Profit before tax	9,667	5	9,672
Income tax expense	(1,490)	0	(1,490)
Profit for the period	<u>8,177</u>	<u>5</u>	<u>8,182</u>
1 October 2019 to 31 December 2019			
Revenue			
Total revenue	52,142	11	52,153
Elimination	(9,685)	(10)	(9,695)
Revenue from external customers	<u>42,457</u>	<u>1</u>	<u>42,458</u>
Results			
Segment results	3,491	(32,436)	(28,945)
Other operating income	1,750	847	2,597
Finance costs	(19)	(164)	(183)
Profit / (Loss) before tax	5,222	(31,753)	(26,531)
Income tax expense	(1,239)	0	(1,239)
Profit / (Loss) for the period	<u>3,983</u>	<u>(31,753)</u>	<u>(27,770)</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A11. Segmental Reporting (continued)

	<u>PVC</u> RM'000	<u>Solar</u> RM'000	<u>Group</u> RM'000
1 January 2020 to 31 December 2020			
Revenue			
Total revenue	239,693	554	240,247
Elimination	(49,154)	0	(49,154)
Revenue from external customers	<u>190,539</u>	<u>554</u>	<u>191,093</u>
Results			
Segment results	27,373	(6,794)	20,579
Other operating income	8,358	6,487	14,845
Finance costs	(30)	(676)	(706)
Profit / (Loss) before tax	<u>35,701</u>	<u>(983)</u>	<u>34,718</u>
Income tax expense	(7,801)	0	(7,801)
Profit / (Loss) for the period	<u>27,900</u>	<u>(983)</u>	<u>26,917</u>
Assets	<u>175,118</u>	<u>132,620</u>	<u>307,738</u>
Liabilities	<u>27,149</u>	<u>24,233</u>	<u>51,382</u>
	<u>PVC</u> RM'000	<u>Solar</u> RM'000	<u>Group</u> RM'000
1 January 2019 to 31 December 2019			
Revenue			
Total revenue	207,789	3,666	211,455
Elimination	(38,842)	(10)	(38,852)
Revenue from external customers	<u>168,947</u>	<u>3,656</u>	<u>172,603</u>
Results			
Segment results	10,683	(59,731)	(49,048)
Other operating income	6,014	4,805	10,819
Finance costs	(31)	(429)	(460)
Profit / (Loss) before tax	<u>16,666</u>	<u>(55,355)</u>	<u>(38,689)</u>
Income tax expense	(4,037)	0	(4,037)
Profit / (Loss) for the period	<u>12,629</u>	<u>(55,355)</u>	<u>(42,726)</u>
Assets	<u>142,394</u>	<u>137,831</u>	<u>280,225</u>
Liabilities	<u>26,379</u>	<u>23,408</u>	<u>49,787</u>

A12. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment by the Group since the last audited financial statements for the financial year ended 31 December 2019.

A13. Subsequent Events

Subsequent to the financial year end, a wholly-owned subsidiary of TSHB, Wangsaga Industries Sdn Bhd, entered into a sale and purchase agreement with an external party to purchase a parcel of industrial land for a total cash consideration of RM25.8 million. The purchase transaction has not been completed as of date of this announcement.

On 05 January 2021, pursuant to the ordinary shares purchased from non-controlling interest of TS Solartech Sdn Bhd ("TS Solartech"), TSHB's equity interest in TS Solartech had been increased to 57.36% and whereas non-controlling shareholders' shareholdings had been reduced from 43.93% to 42.64%.

A14. Changes In The Composition of The Group

As at 09 September 2020, TS Solartech, was a 53.69%-owned subsidiary of TSHB. On 10 September 2020, pursuant to the ordinary shares purchased from non-controlling interest of TS Solartech, TSHB's equity interest in TS Solartech had been increased to 56.07% and whereas non-controlling shareholders' shareholdings had been reduced from 46.31% to 43.93%. TS Solartech does not have any subsidiary or associate company.

A15. Contingent Liabilities

	31.12.2020 RM'000
Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries	32,660
Unsecured corporate guarantees given to suppliers of subsidiaries	4,013
	<u>36,673</u>

A16. Capital Commitments

There were no material capital commitments in respect of property, plant and equipment for in the interim financial statements as at 31 December 2020.



PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Performance

Table 1 : Financial Review for current quarter and financial period to date

	Current Quarter 3 months ended		Changes + / -		Cumulative Quarter 12 months ended		Changes + / -	
	31.12.20	31.12.19			31.12.20	31.12.19		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	48,517	42,458	6,059	14.27	191,093	172,603	18,490	10.71
Gross profit	13,479	6,202	7,277	117.33	46,269	16,756	29,513	176.13
Profit / (Loss) before interest and tax	9,628	(26,592)	36,220	136.21	34,414	(38,842)	73,256	188.60
Profit / (Loss) before tax	9,672	(26,531)	36,203	136.46	34,718	(38,689)	73,407	189.74
Profit / (Loss) for the period	8,182	(27,770)	35,952	129.46	26,917	(42,726)	69,643	163.00
Profit / (Loss) attributable to owners of the parent	8,164	(12,935)	21,099	163.12	27,413	(16,253)	43,666	268.66

a) Current Year-to date vs. Previous Year-to-date

For the period ended 31 December 2020, the Group recorded a revenue of RM191.1 million while profit before tax was recorded at RM34.7 million. The major contributor of the Group's revenue was from PVC segment for the period ended 31 December 2020. When compared to corresponding period of 31 December 2019, the revenue was recorded at RM172.6 million while loss before tax was recorded at RM38.7 million.

Performance of the respective operating business segments for the period ended 31 December 2020 as compared to the previous year corresponding period is analysed as follows:-

1) PVC - The increase in profit before tax by RM19.0 million from RM16.7 million to RM35.7 million was mainly due to :

- i) Continuous increasing demand for PP Non-Woven products, especially used for Personal Protective Equipments such as face masks and gowns as well as furniture industry.
- ii) Higher contribution from PVC segment especially PVC products for household and furniture uses.
- iii) Higher selling price for the PVC segment, mainly PP Non-Woven products.

2) Solar - The decrease in loss before tax by RM54.4 million from RM55.4 million to RM1.0 million was mainly due to higher other operating income including rental and solar energy generation, lower overhead expenses and minimum impairment loss by property, plant and equipment.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM48.5 million while profit before tax was recorded at RM9.7 million. When compared to corresponding quarter of 31 December 2019, the revenue was recorded at RM42.5 million while loss before tax was recorded at RM26.5 million.

Performance of the respective operating business segments for the current quarter as compared to the previous year corresponding quarter is analysed as follows:-

1) PVC - The increase in profit before tax by RM4.5 million from RM5.2 million to RM9.7 million was mainly due to :

- i) Continuous increasing demand for PP Non-Woven products, especially used for Personal Protective Equipments such as face masks and gowns as well as furniture industry.
- ii) Higher contribution from PVC segment especially PVC products for household and furniture uses.
- iii) Higher selling price for the PVC segment, mainly PP Non-Woven products.

2) Solar - The decrease in loss before tax by RM31.8 million from loss before tax RM31.8 million to profit before tax RM5,000 was mainly due to higher rental income and solar energy generation and lower overhead expenses and impairment loss on property, plant and equipment.

B2. Variation of Results Against Preceding Quarter

Table 2 : Financial Review for current quarter and compared with immediate preceding quarter

	Current Quarter 01.10.20-31.12.20	Preceding Quarter 01.07.20-30.09.20	Changes	
	RM'000	RM'000	RM'000	%
Revenue	48,517	49,285	(768)	(1.56)
Gross profit	13,479	12,097	1,382	11.42
Profit before interest and tax	9,628	10,743	(1,115)	(10.38)
Profit before tax	9,672	10,814	(1,142)	(10.56)
Profit for the period	8,182	8,140	42	0.52
Profit attributable to owners of the parent	8,164	8,102	62	0.77

The Group revenue decreased by RM0.8 million in the current quarter, representing 1.6% decrease from RM49.3 million in the preceding quarter due to lower revenue contributed by the PVC segments. This was mainly due to some delay in the deliveries to our export clients. An unprecedented rise in shipping price and global shortage of containers have caused a slight delay in deliveries.

The Group's profit before tax for the current quarter is RM9.7 million compared to profit before tax RM10.8 million as recorded in the preceding quarter. This was mainly due to improved sales mix in third quarter of 2020.



NOTES TO THE INTERIM FINANCIAL REPORT

B3. Prospects

The Board of Directors foresees the performance of the Group for 2021 to remain stable for its PVC business although it may be affected by fluctuation in the price of raw materials as a result of the market uncertainty due to COVID-19 pandemic and the impact from the fluctuation in foreign currency. Moving forward, the Group will focus on producing PP Non Woven materials to cater for medical appliances. The ISO 13485 : 2016 and 9001 : 2015 that was obtained for PP Non-Woven division enables us to further expand into hygiene products and further enhance our sales stream.

However, the Group will be taking cautious approaches to mitigate the exposure by improving its operational efficiency, product quality and product innovation as a positive step forward to sustain the Group's business growth as well as monitoring financial aspect more closely. The Group will also look into exploring new market share globally.

As for solar segment, the factory buildings of TS Solartech Sdn. Bhd. had been rented out and the Company continues to generate income from the 1.18 MW solar energy arising from the solar panel installed.

B4. Variance of Actual and Forecast Revenue

Not applicable.

B5. Income Tax Expense

	Current Quarter 31.12.20 RM'000	12 months Cumulative 31.12.20 RM'000
Current tax expense		
- current	1,168	7,564
- prior years	31	31
Deferred tax expense		
- Origination and reversal of temporary differences	291	206
Total tax expense	<u>1,490</u>	<u>7,801</u>

The Group's effective tax rate for the current period differs from the statutory tax rate due to claims on reinvestment allowances and others tax allowances by subsidiaries, certain expenses which are not deductible for tax purposes and losses suffered by a subsidiary.

B6. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial year to date.

B7. Status of Corporate Proposal

There were no corporate proposals announced as at the date of issue of this interim financial report.

B8. Trade Receivables

	At end of current financial quarter 31.12.2020 RM'000	At end of previous financial year 31.12.2019 RM'000
Trade receivables	31,122	24,386
Less : Impairment losses	(598)	(961)
	<u>30,524</u>	<u>23,425</u>

The trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days terms.

a) Ageing analysis of trade receivables of the Group is as follows:

	At end of current financial quarter 31.12.2020 RM'000	At end of previous financial year 31.12.2019 RM'000
Neither past due nor impaired	21,664	14,068
Past due, but not impaired		
1 to 30 days	6,702	6,630
31 to 60 days	1,591	1,903
61 to 90 days	896	1,004
More than 91 days	269	781
	9,458	10,318
Impaired	31,122	24,386
	(598)	(961)
	<u>30,524</u>	<u>23,425</u>

b) The Group assesses the impairment on trade receivable based on expected credit loss model.

B9. Related party disclosures

i) Identity of related party
- The Company has controlling related party relationship with its direct subsidiaries.

ii) The Group had no transaction with related party during the financial period.



NOTES TO THE INTERIM FINANCIAL REPORT

B10. Group Borrowings

The Group's borrowings as at the end of the reporting quarter were as follows:

	Short term RM'000	As at 31.12.2020 Long term RM'000	Total RM'000
Secured			
Term loans	0	19,970	19,970
	0	19,970	19,970
Unsecured			
	0	0	0
	0	0	0

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B12. Material Litigation

The Group is not engaged in any material litigation as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B13. Proposed Dividend

A final single tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2020 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

B14. Earnings Per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current financial quarter and current financial year-to-date had been calculated by dividing the Group's profit for the period attributable to equity holders of the Company by the weighted average number of shares in issue.

	Individual Current Quarter 31.12.20	12 Months Cumulative To Date 31.12.20
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	8,164	27,413
Weighted average number of ordinary shares in issue ('000)	358,450	358,450
Basic Earnings Per Share based on weighted average number of ordinary shares in issue (sen)	2.28	7.65

The weighted average number of ordinary shares used in the denominator in calculating basic earnings per share was determined as follows:

	Individual Current Quarter 31.12.20 '000	12 Months Cumulative To Date 31.12.20 '000
Number of ordinary shares at beginning of the period	358,450	349,210
Effect of shares issued pursuant to exercise of warrants	0	9,240
Weighted average number of ordinary shares	358,450	358,450

(b) Diluted Earnings Per Share

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any potential dilutive ordinary shares in issue.

B15. Provision of Financial Assistance

There has been no additional financial assistance provided pursuant to Paragraph 8.23 of the Main Market Listing Requirement during the current quarter.



NOTES TO THE INTERIM FINANCIAL REPORT

B16. Reviews By External Auditors

The Board had engaged the external auditors to review and report on the condensed consolidated financial statements of Tek Seng Holdings Bhd. for the fourth quarter ended 31 December 2020 in accordance with International Standard on Review Engagements 2410 (ISRE2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The external auditors reported to the Board that nothing has come to their attention that causes them to believe that the said condensed consolidated financial statements were not presented fairly, in all material respects, in accordance with MFRS134 : Interim Financial Reporting in Malaysia. The report was made to the Board in accordance to the terms of reference with the external auditors and for no other purpose.

By order of the Board

TEK SENG HOLDINGS BERHAD

**LOH KOK BENG
EXECUTIVE CHAIRMAN**

Dated : 24 February 2021