



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

|  | <b>(Unaudited)</b> | <b>(Audited)</b> |
|--|--------------------|------------------|
|  | <b>As At</b>       | <b>As At</b>     |
|  | <b>30.06.21</b>    | <b>31.12.20</b>  |
| <b>ASSETS</b>                                      | <b>RM'000</b>      | <b>RM'000</b>    |
| <b>Non-current assets</b>                          |                    |                  |
| Property, plant and equipment                      | 55,228             | 59,066           |
| Right-of-use assets                                | 5,823              | 5,765            |
| Investment properties                              | 116,559            | 118,306          |
|  | <u>177,610</u>     | <u>183,137</u>   |
| <b>Current assets</b>                              |                    |                  |
| Inventories  | 36,934             | 29,065           |
| Trade receivables                                  | 28,566             | 30,524           |
| Other receivables, deposits and prepayments        | 3,950              | 1,550            |
| Current tax assets                                 | 406                | 140              |
| Cash and bank balances                             | 67,109             | 63,322           |
|  | <u>136,965</u>     | <u>124,601</u>   |
| <b>TOTAL ASSETS</b>                                | <u>314,575</u>     | <u>307,738</u>   |
| <b>EQUITY AND LIABILITIES</b>                      |                    |                  |
| <b>Equity attributable to owners of the parent</b> |                    |                  |
| Share capital                                      | 115,002            | 115,002          |
| Retained earnings                                  | 106,867            | 100,222          |
|  | <u>221,869</u>     | <u>215,224</u>   |
| Non-controlling interests                          | 39,950             | 41,132           |
| <b>Total equity</b>                                | <u>261,819</u>     | <u>256,356</u>   |
| <b>LIABILITIES</b>                                 |                    |                  |
| <b>Non-current liabilities</b>                     |                    |                  |
| Borrowings   | 19,971             | 19,970           |
| Lease liabilities                                  | 237                | 91               |
| Deferred tax liabilities                           | 4,199              | 4,662            |
|  | <u>24,407</u>      | <u>24,723</u>    |
| <b>Current liabilities</b>                         |                    |                  |
| Trade payables                                     | 10,800             | 4,648            |
| Other payables                                     | 13,966             | 19,644           |
| Lease liabilities                                  | 154                | 176              |
| Current tax liabilities                            | 3,429              | 2,191            |
|  | <u>28,349</u>      | <u>26,659</u>    |
| <b>Total liabilities</b>                           | <u>52,756</u>      | <u>51,382</u>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <u>314,575</u>     | <u>307,738</u>   |
| Net Assets per Share (RM)                          | 0.62               | 0.60             |
| Net Assets (RM'000)                                | 221,869            | 215,224          |

(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 2020)



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SIX-MONTHS ENDED 30 JUNE 2021

|  | Current Quarter<br>3 months ended |                    | Cumulative Quarter<br>6 months ended |                    |
|--|-----------------------------------|--------------------|--------------------------------------|--------------------|
|  | 30.06.21<br>RM'000                | 30.06.20<br>RM'000 | 30.06.21<br>RM'000                   | 30.06.20<br>RM'000 |
| Revenue  | 40,203                            | 41,286             | 94,635                               | 93,291             |
| Cost of sales  | (30,625)                          | (30,015)           | (73,321)                             | (72,598)           |
| <b>Gross profit</b>  | <u>9,578</u>                      | <u>11,271</u>      | <u>21,314</u>                        | <u>20,693</u>      |
| Other operating income   | 3,199                             | 3,014              | 7,088                                | 6,430              |
| Operating expenses   | (6,226)                           | (5,865)            | (13,204)                             | (12,526)           |
| Finance costs  | (150)                             | (180)              | (319)                                | (365)              |
| <b>Profit before tax</b>   | <u>6,401</u>                      | <u>8,240</u>       | <u>14,879</u>                        | <u>14,232</u>      |
| Tax expense  | (1,488)                           | (2,111)            | (3,709)                              | (3,637)            |
| <b>Profit for the period</b>   | <u>4,913</u>                      | <u>6,129</u>       | <u>11,170</u>                        | <u>10,595</u>      |
| <b>Other comprehensive income, net of tax</b>                                      | 0                                 | 0                  | 0                                    | 0                  |
| <b>Total comprehensive income for the period</b>                                   | <u>4,913</u>                      | <u>6,129</u>       | <u>11,170</u>                        | <u>10,595</u>      |
| <b>Profit / (Loss) for the period attributable to:</b>                             |                                   |                    |                                      |                    |
| - Owners of the parent   | 4,776                             | 6,536              | 11,144                               | 11,147             |
| - Non-controlling interests  | <u>137</u>                        | <u>(407)</u>       | <u>26</u>                            | <u>(552)</u>       |
| <b>Total comprehensive income / (loss) for the period attributable to:</b>         |                                   |                    |                                      |                    |
| - Owners of the parent   | 4,776                             | 6,536              | 11,144                               | 11,147             |
| - Non-controlling interests  | <u>137</u>                        | <u>(407)</u>       | <u>26</u>                            | <u>(552)</u>       |
| <b>Earnings per ordinary share attributable<br/>equity holders of the Company:</b> |                                   |                    |                                      |                    |
| Basic and diluted earnings per share (sen)   | <u>1.33</u>                       | <u>1.82</u>        | <u>3.11</u>                          | <u>3.11</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 2020)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE SIX-MONTHS ENDED 30 JUNE 2021**

|   | Share<br>Capital<br>RM'000 | <u>Distributable</u><br>Retained<br>Earnings<br>RM'000 | Total<br>Attributable<br>To Owners of<br>The Parent<br>RM'000 | Non-<br>Controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|---|----------------------------|--|---|--|---------------------------|
| As at 1 January 2020                                  | 112,137                    | 74,443   | 186,580   | 43,858                                     | 230,438                   |
| Profit / (Loss) for the financial period              | 0                          | 11,147   | 11,147  | (552)                                      | 10,595                    |
| Other comprehensive income, net of tax                | 0                          | 0  | 0   | 0  | 0                         |
| Total comprehensive income / (loss) for the period    | 0                          | 11,147   | 11,147  | (552)                                      | 10,595                    |
| <b>Transactions with owners</b>                       |                            |  |   |  |                           |
| Issuance of ordinary shares<br>- exercise of warrants | 2,865                      | 0  | 2,865   | 0  | 2,865                     |
| Total transactions with owners                        | 2,865                      | 0  | 2,865   | 0  | 2,865                     |
| As at 30 June 2020                                    | <u>115,002</u>             | <u>85,590</u>  | <u>200,592</u>  | <u>43,306</u>                              | <u>243,898</u>            |
| As at 1 January 2021                                  | 115,002                    | 100,222  | 215,224   | 41,132                                     | 256,356                   |
| Profit for the financial period                       | 0                          | 11,144   | 11,144  | 26   | 11,170                    |
| Other comprehensive income, net of tax                | 0                          | 0  | 0   | 0  | 0                         |
| Total comprehensive income for the period             | 0                          | 11,144   | 11,144  | 26   | 11,170                    |
| <b>Transactions with owners</b>                       |                            |  |   |  |                           |
| Acquisition of shares from non-controlling interests  | 0                          | (892)  | (892)   | (1,208)                                    | (2,100)                   |
| Dividend  | 0                          | (3,607)  | (3,607)   | 0  | (3,607)                   |
| Total transactions with owners                        | 0                          | (4,499)  | (4,499)   | (1,208)                                    | (5,707)                   |
| As at 30 June 2021                                    | <u>115,002</u>             | <u>106,867</u>   | <u>221,869</u>  | <u>39,950</u>                              | <u>261,819</u>            |

(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 2020)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX-MONTHS ENDED 30 JUNE 2021

|   | 6 months ended |          |
|---|----------------|----------|
|   | 30.06.21       | 30.06.20 |
|   | RM'000         | RM'000   |
| <b>Cash flows from operating activities</b>                           |                |          |
| Profit before tax   | 14,879         | 14,232   |
| Adjustments for :   |                |          |
| Impairment losses on receivables                                      | 336            | 170      |
| Depreciation of property, plant and equipment                         | 4,592          | 2,956    |
| Depreciation of investment properties                                 | 1,325          | 762      |
| Depreciation of right-of-use assets                                   | 205            | 184      |
| Interest expense  | 319            | 365      |
| Interest income   | (455)          | (554)    |
| Net unrealised gain on foreign exchange                               | (3)            | (325)    |
| Impairment losses on property, plant and equipment                    | 0              | 552      |
| Loss on disposal of investment properties                             | 186            | 0        |
| Loss on disposal of property, plant and equipment                     | 0              | 2        |
| Operating profit before working capital changes                       | 21,384         | 18,344   |
| Increase in inventories   | (7,869)        | (3,594)  |
| (Increase) / Decrease in trade and other receivables                  | (747)          | 206      |
| Increase / (Decrease) in trade and other payables                     | 358            | (908)    |
| Cash generated from operations  | 13,126         | 14,048   |
| Interest paid   | (3)            | (6)      |
| Interest received   | 455            | 554      |
| Tax paid  | (3,200)        | (1,748)  |
| Net cash from operating activities                                    | 10,378         | 12,848   |
| <b>Cash flows from investing activities</b>                           |                |          |
| Proceeds from disposal of investment properties                       | 237            | 0        |
| Proceeds from disposal of property, plant and equipment               | 0              | 95       |
| Purchase of property, plant and equipment                             | (753)          | (282)    |
| Accretion of interests in a subsidiary                                | (2,100)        | 0        |
| Net cash used in investing activities                                 | (2,616)        | (187)    |
| <b>Cash flows from financing activities</b>                           |                |          |
| Dividend paid   | (3,607)        | 0        |
| Repayments of interest on term loans                                  | (307)          | (348)    |
| Repayments of lease liabilities                                       | (149)          | (105)    |
| Proceeds from issuance of shares pursuant to exercise of warrants     | 0              | 2,865    |
| Net cash (used in) / from financing activities                        | (4,063)        | 2,412    |
| <b>Net increase in cash and cash equivalents</b>                      | 3,699          | 15,073   |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>   | 88             | 305      |
| <b>Cash and cash equivalents at beginning of the financial period</b> | 63,322         | 36,090   |
| <b>Cash and cash equivalents at end of the financial period</b>       | 67,109         | 51,468   |



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX-MONTHS ENDED 30 JUNE 2021 (Continued)**

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

|                               | <b>As at<br/>30.06.21<br/>RM'000</b> | <b>As at<br/>30.06.20<br/>RM'000</b> |
|-------------------------------|--------------------------------------|--------------------------------------|
| Cash and bank balances        | 1,058                                | 2,389                                |
| Deposits with a licensed bank | 66,051                               | 49,079                               |
|                               | <u>67,109</u>                        | <u>51,468</u>                        |

**Reconciliation of liabilities arising from financing activities**

|                                 | <b>Lease liabilities<br/>RM'000</b> | <b>Term loans<br/>RM'000</b> |
|---------------------------------|-------------------------------------|------------------------------|
| As at 1 January 2021            | 267                                 | 19,970                       |
| Cash flows                      |                                     |                              |
| - repayments                    | (149)                               | (307)                        |
| Non-cash flows                  |                                     |                              |
| - addition of lease liabilities | 265                                 | 0                            |
| - unwinding of interest         | 8                                   | 308                          |
| As at 30 June 2021              | <u>391</u>                          | <u>19,971</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 2020)



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 2020.

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 2020.

The Group had adopted the following Amendments to Standards, with a date of initial application of 1 January 2021.

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

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:

- Amendment to MFRS 16 *Leases Covid-19-Related Rent Concessions beyond 30 June 2021*
- 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 101 *Presentation of Financial Statements*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 112 *Income Taxes*

**A2. Auditors' Report**

The auditors' report on the financial statements for the financial year ended 31 December 2020 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.

**A7. Dividends paid**

A single tier interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2021 has been paid on 15 April 2021.

A single tier second interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2021 and interim dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2020 has been paid on 06 August 2021.

**A8. Other Operating Income**

|                              | <b>Current Quarter<br/>30.06.2021<br/>RM'000</b> | <b>6 months<br/>Cumulative<br/>30.06.2021<br/>RM'000</b> |
|------------------------------|--|--|
| Interest income              | 225  | 455  |
| Foreign exchange gain        | 0  | 279  |
| Rental income                | 1,660  | 3,320  |
| Other income                 | 1,314  | 3,034  |
| Total other operating income | <u>3,199</u>                                     | <u>7,088</u>   |



NOTES TO THE INTERIM FINANCIAL REPORT

A9. Operating Expenses

|   | Current Quarter<br>30.06.2021<br>RM'000 | 6 months<br>Cumulative<br>30.06.2021<br>RM'000 |
|---|---|--|
| Depreciation of property, plant and equipment | 395                                     | 780  |
| Depreciation of investment properties         | 662                                     | 1,325  |
| Salaries, allowances and bonus                | 1,956                                   | 4,128  |
| Transportation                                | 1,651                                   | 3,835  |
| Water and electricity                         | 21                                      | 43   |
| General repairs and maintenance               | 350                                     | 875  |
| Loss on disposal of investment properties     | 2                                       | 186  |
| Depreciation of right-of-use assets           | 84                                      | 157  |
| Others  | 1,105                                   | 1,875  |
| Total operating expenses                      | <u>6,226</u>                            | <u>13,204</u>                                  |

A10. Finance costs

|                               | Current Quarter<br>30.06.2021<br>RM'000 | 6 months<br>Cumulative<br>30.06.2021<br>RM'000 |
|-------------------------------|---|--|
| Interest on term loans        | 144                                     | 308  |
| Interest on lease liabilities | 4                                       | 8  |
| Others                        | 2                                       | 3  |
| Total finance costs           | <u>150</u>                              | <u>319</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.

| 1 April 2021 to 30 June 2021        | PVC<br>RM'000         | Solar<br>RM'000         | Group<br>RM'000         |
|-------------------------------------|-----------------------|-------------------------|-------------------------|
| <b>Revenue</b>                      |                       |                         |                         |
| Total revenue                       | 50,288                | 490                     | 50,778                  |
| Elimination                         | (10,575)              | 0                       | (10,575)                |
| Revenue from external customers     | <u>39,713</u>         | <u>490</u>              | <u>40,203</u>           |
| <b>Results</b>                      |                       |                         |                         |
| Segment results                     | 4,542                 | (1,190)                 | 3,352                   |
| Other operating income              | 1,542                 | 1,657                   | 3,199                   |
| Finance costs                       | (6)                   | (144)                   | (150)                   |
| Profit before tax                   | 6,078                 | 323                     | 6,401                   |
| Income tax expense                  | (1,488)               | 0                       | (1,488)                 |
| Profit for the period               | <u>4,590</u>          | <u>323</u>              | <u>4,913</u>            |
|                                     | <b>PVC<br/>RM'000</b> | <b>Solar<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
| <b>1 April 2020 to 30 June 2020</b> |                       |                         |                         |
| <b>Revenue</b>                      |                       |                         |                         |
| Total revenue                       | 54,193                | 0                       | 54,193                  |
| Elimination                         | (12,907)              | 0                       | (12,907)                |
| Revenue from external customers     | <u>41,286</u>         | <u>0</u>                | <u>41,286</u>           |
| <b>Results</b>                      |                       |                         |                         |
| Segment results                     | 7,508                 | (2,102)                 | 5,406                   |
| Other operating income              | 1,621                 | 1,393                   | 3,014                   |
| Finance costs                       | (8)                   | (172)                   | (180)                   |
| Profit / (Loss) before tax          | 9,121                 | (881)                   | 8,240                   |
| Income tax expense                  | (2,111)               | 0                       | (2,111)                 |
| Profit / (Loss) for the period      | <u>7,010</u>          | <u>(881)</u>            | <u>6,129</u>            |



NOTES TO THE INTERIM FINANCIAL REPORT

A11. Segmental Reporting (continued)

|                                       | <u>PVC</u><br>RM'000  | <u>Solar</u><br>RM'000 | <u>Group</u><br>RM'000 |
|---------------------------------------|-----------------------|------------------------|------------------------|
| <b>1 January 2021 to 30 June 2021</b> |                       |                        |                        |
| <b>Revenue</b>                        |                       |                        |                        |
| Total revenue                         | 116,760               | 960                    | 117,720                |
| Elimination                           | (23,085)              | 0                      | (23,085)               |
| Revenue from external customers       | <u>93,675</u>         | <u>960</u>             | <u>94,635</u>          |
| <b>Results</b>                        |                       |                        |                        |
| Segment results                       | 10,952                | (2,842)                | 8,110                  |
| Other operating income                | 3,877                 | 3,211                  | 7,088                  |
| Finance costs                         | (11)                  | (308)                  | (319)                  |
| Profit before tax                     | <u>14,818</u>         | <u>61</u>              | <u>14,879</u>          |
| Income tax expense                    | (3,709)               | 0                      | (3,709)                |
| Profit for the period                 | <u>11,109</u>         | <u>61</u>              | <u>11,170</u>          |
| <b>Assets</b>                         | <b><u>183,558</u></b> | <b><u>131,017</u></b>  | <b><u>314,575</u></b>  |
| <b>Liabilities</b>                    | <b><u>28,200</u></b>  | <b><u>24,556</u></b>   | <b><u>52,756</u></b>   |
| <b>1 January 2020 to 30 June 2020</b> |                       |                        |                        |
| <b>Revenue</b>                        |                       |                        |                        |
| Total revenue                         | 115,541               | 0                      | 115,541                |
| Elimination                           | (22,250)              | 0                      | (22,250)               |
| Revenue from external customers       | <u>93,291</u>         | <u>0</u>               | <u>93,291</u>          |
| <b>Results</b>                        |                       |                        |                        |
| Segment results                       | 12,013                | (3,846)                | 8,167                  |
| Other operating income                | 3,429                 | 3,001                  | 6,430                  |
| Finance costs                         | (17)                  | (348)                  | (365)                  |
| Profit / (Loss) before tax            | <u>15,425</u>         | <u>(1,193)</u>         | <u>14,232</u>          |
| Income tax expense                    | (3,637)               | 0                      | (3,637)                |
| Profit / (Loss) for the period        | <u>11,788</u>         | <u>(1,193)</u>         | <u>10,595</u>          |
| <b>Assets</b>                         | <b><u>159,701</u></b> | <b><u>134,592</u></b>  | <b><u>294,293</u></b>  |
| <b>Liabilities</b>                    | <b><u>27,184</u></b>  | <b><u>23,211</u></b>   | <b><u>50,395</u></b>   |

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 2020.

A13. Subsequent Events

On 14 January 2021, a wholly-owned subsidiary of TSHB, Wangsaga Industries Sdn. Bhd. ("WISB") and Tek Seng Properties & Development Sdn. Bhd. ("TPSB"), entered into a sale and purchase agreement ("SPA") with an external party to jointly acquire a parcel of industrial land for a purchase consideration of RM46.9 million ("Acquisition"). The purchase transaction has not been completed as of date of this report.

On 07 April 2021, TSHB announced that the acquisition of industrial land ("the land") is deemed as a related party transaction. Consequently, TSHB has sought the consent of the Limsa Ekuiti Sdn. Bhd. ("Vendor") to enter into a supplemental agreement to vary the terms and conditions of the SPA. However, the Vendor has declined to provide the consent as the SPA has become unconditional following the Vendors' shareholders approval on 31 March 2021.

In order to address this situation, WISB has entered into a nomination agreement on 22 April 2021 with Ganjaran Wawasan Sdn. Bhd. ("GWBSB") to purchase the 43569 undivided shares ("54.91%") of the Land in the said Property in place of WISB ("Nomination Agreement"). WISB has entered into the Nomination Agreement, to avoid the 10% deposit which WISB has paid to purchase the 54.91% of the Land from being forfeited in the event that the non-interested shareholders' approval for the acquisition cannot be obtained or is rejected.

On 22 April 2021, TSHB has appointed M&A Securities Sdn. Bhd. as the Independent Adviser to advise the non-interested shareholders of TSHB pursuant to the proposed acquisition.

Further details are set out in the announcements dated 22 April 2021.

On 15 June 2021, TSHB announced that the 19th AGM which was originally scheduled on Wednesday, 30 June 2021 at 10.00 a.m. at Evergreen Laurel Hotel will be postponed to a date to be determined later. In view of the extension of time (EOT), the date of the 19th AGM of the Company together with the notice of the 19th AGM will be announced in due course. Beside that, the proposed single tier final dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2020 will be replaced with a single tier interim dividend of 0.5 sen for the year ended 31 December 2020.

On 01 July 2021, TSHB announced that the EGM of the Company which was originally scheduled on Friday, 09 July 2021 at 10.00 a.m. at Evergreen Laurel Hotel will be postponed to a later date to be announced in due course after having taken due consideration of the extended FMCO imposed nationwide after 28 June 2021 to curb the spread of COVID-19 infections in Malaysia.

On 06 August 2021, TSHB announced that Wangsaga Industries Sdn Bhd, a wholly-owned subsidiary of the Company has on 06 August 2021 paid the Balance Sum to the Vendor. As a result, the Acquisition is deemed completed on even date.





NOTES TO THE INTERIM FINANCIAL REPORT

**A14. Changes In The Composition of The Group**

As at 04 January 2021, TS Solartech, was a 56.07% owned subsidiary of TSHB. On 05 January 2021, pursuant to the ordinary shares purchased from non-controlling interest of 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%. TS Solartech does not have any subsidiary or associate company.

**A15. Contingent Liabilities**

Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries  
Unsecured corporate guarantees given to suppliers of subsidiaries

|                   |
|-------------------|
| <b>30.06.2021</b> |
| <b>RM'000</b>     |
| 32,660            |
| 4,154             |
| <b>36,814</b>     |

**A16. Capital Commitments**

There were no material capital commitments in respect of property, plant and equipment for the interim financial statements as at 30 June 2021.

**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<br>3 months ended |                    | Changes + / - |         | Cumulative Quarter<br>6 months ended |                    | Changes + / - |        |
|---|-----------------------------------|--------------------|---------------|---------|--------------------------------------|--------------------|---------------|--------|
|   | 30.06.21<br>RM'000                | 30.06.20<br>RM'000 |               |         | 30.06.21<br>RM'000                   | 30.06.20<br>RM'000 |               |        |
| Revenue                                     | 40,203                            | 41,286             | (1,083)       | (2.62)  | 94,635                               | 93,291             | 1,344         | 1.44   |
| Gross profit                                | 9,578                             | 11,271             | (1,693)       | (15.02) | 21,314                               | 20,693             | 621           | 3.00   |
| Profit before interest and tax              | 6,326                             | 8,128              | (1,802)       | (22.17) | 14,743                               | 14,043             | 700           | 4.98   |
| Profit before tax                           | 6,401                             | 8,240              | (1,839)       | (22.32) | 14,879                               | 14,232             | 647           | 4.55   |
| Profit for the period                       | 4,913                             | 6,129              | (1,216)       | (19.84) | 11,170                               | 10,595             | 575           | 5.43   |
| Profit attributable to owners of the parent | 4,776                             | 6,536              | (1,760)       | (26.93) | 11,144                               | 11,147             | (3)           | (0.03) |

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

For the period ended 30 June 2021, the Group recorded a revenue of RM94.6 million while profit before tax was recorded at RM14.9 million. The major contributor of the Group's revenue was from PVC segment for the period ended 30 June 2021. When compared to corresponding period of 30 June 2020, the revenue was recorded at RM93.3 million while profit before tax was recorded at RM14.2 million.

Throughout the implementation of the FMCO (Full Movement Control Order) and NRP (National Recovery Plan) nationwide since 01 June 2021, all economic sectors are not allowed to operate with the exception of essential economic and service sectors. For non essential PVC products, we did not get the MITI approval to operate during FMCO and NRP Phase 1 and 2. However, we had the MITI approval to operate for the PP Non-Woven products for Personal Protective Equipments such as face masks and gowns which had helped to cushion some of top and bottom line for the financial period.

Performance of the respective operating business segments for the period ended 30 June 2021 as compared to the previous year corresponding period is analysed as follows:-

1) PVC - The decrease in profit before tax by RM0.6 million from RM15.4 million to RM14.8 million was mainly due to lower revenue resulted from implementation of the FMCO and NRP Phase 1 and 2, we were not allowed to operate for non essential products. But, as vaccinations and recovery took place, PVC sheets demand had been steadily increasing during January until May 2021. PVC segment had contributed significantly especially from the household, furniture as well as the stationery supplies industry. PVC segment had endured a strong rebound since the turn of the year due to the reopening of economics sectors globally. PP Non-woven demand had been steady and consistent, mainly by Personal Protective Equipments sector followed by household industrial products.

2) Solar - The increase in profit before tax by RM1.3 million from loss before tax RM1.2 million to profit before tax RM62,000 was mainly due to increase of other operating income and lower impairment loss of property, plant and equipment during the financial period.

**b) Current Quarter vs. Previous Year Corresponding Quarter**

For the current quarter, the Group recorded a revenue of RM40.2 million while profit before tax was recorded at RM6.4 million. When compared to corresponding quarter of 30 June 2020, the revenue was recorded at RM41.3 million while profit before tax was recorded at RM8.2 million.

Throughout the implementation of the FMCO (Full Movement Control Order) and NRP (National Recovery Plan) nationwide since 1st June 2021, all economic sectors are not allowed to operate with the exception of essential economic and service sectors. For non essential PVC products, we did not get the MITI approval to operate during FMCO and NRP Phase 1 and 2. However, we had the MITI approval to operate for the PP Non-Woven products for Personal Protective Equipments such as face masks and gowns which had helped to cushion some of top and bottom line for 2nd Quarter 2021. With only 60% of workforce allowed, the Company had practiced optimum efficiency in terms of productions and safety at workplace throughout the duration.

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 decrease in profit before tax by RM3.0 million from RM9.1 million to RM6.1 million was mainly due to lower revenue resulted from implementation of the FMCO and NRP Phase 1 and 2, we were not allowed to operate for non essential products. Only 60% of workforce were allowed to work for PP Non-woven throughout the FMCO and NRP, thus impacting on our production and financial performance. PVC was deemed non essential and thus was unable to tap on the growing demand worldwide.

(2) Solar - The increase in profit before tax by RM1.2 million from loss before tax RM0.9 million to profit before tax RM0.3 million was mainly due to increase of other operating income and lower impairment loss of property, plant and equipment during the financial period.



NOTES TO THE INTERIM FINANCIAL REPORT

**B2. Variation of Results Against Preceding Quarter**

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

|   | Current Quarter             | Preceding Quarter           | Changes  |         |
|---|-----------------------------|-----------------------------|----------|---------|
|   | 01.04.21-30.06.21<br>RM'000 | 01.01.21-31.03.21<br>RM'000 | RM'000   | %       |
| Revenue                                     | 40,203                      | 54,432                      | (14,229) | (26.14) |
| Gross profit                                | 9,578                       | 11,736                      | (2,158)  | (18.39) |
| Profit before interest and tax              | 6,326                       | 8,417                       | (2,091)  | (24.84) |
| Profit before tax                           | 6,401                       | 8,478                       | (2,077)  | (24.50) |
| Profit for the period                       | 4,913                       | 6,257                       | (1,344)  | (21.48) |
| Profit attributable to owners of the parent | 4,776                       | 6,368                       | (1,592)  | (25.00) |

The Group revenue decreased by RM14.2 million in the current quarter, representing 26.1% decrease from RM54.4 million in the preceding quarter due to lower revenue contributed by the PVC segments .

The Group's profit before tax for the current quarter is RM6.4 million compared to profit before tax RM8.5 million as recorded in the preceding quarter. This was mainly due to lower revenue in the 2nd quarter of 2021.

**B3. Prospects**

The Board of Directors foresees the performance of the Group for 2021 will be very challenging for its PVC business due to fluctuation in the price of raw materials, unexpected rise of shipping cost as a result of the market uncertainty due to COVID-19 pandemic and the impact from the fluctuation in foreign currency. The shortage of various raw material has driven the cost of manufacturing to a new high. This unprecedented situation has impacted the global supply chain as the Group purchases are mainly from Taiwan, China and Singapore.

However, the Group will be more cautious in managing our incoming supplies for 2021 and 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.

Due to 100% utilization of the current plant, the Group had acquired a 468,875 square feet industrial land to expand our current PVC segment. The Group is looking to set up a new warehouse, factory and a worker's dormitory. The Group is also looking to restructure our current manufacturing facilities in order to provide leaner and more efficient way of operation.

The Group remains cautious for 2H FY 2021 on the domestic market as pandemic has hit a toil on. As most of our PVC belong to non essential sectors, the Group will be focusing on expanding the business base for PP Non-woven sector.

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 | 6 months     |
|---|-----------------|--------------|
|   | 30.06.21        | Cumulative   |
|   | RM'000          | 30.06.21     |
|   |                 | RM'000       |
| <b>Current tax expense</b>                          |                 |              |
| - current   | 1,552           | 4,172        |
| <b>Deferred tax expense</b>                         |                 |              |
| - Origination and reversal of temporary differences | (64)            | (463)        |
| Total tax expense                                   | <u>1,488</u>    | <u>3,709</u> |

The Group's effective tax rate for the current period differs from the statutory tax rate due to certain expenses which are not deductible for tax purposes.

**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.



NOTES TO THE INTERIM FINANCIAL REPORT

**B8. Trade Receivables**

|                          | At end of<br>current financial quarter<br>30.06.2021<br>RM'000 | At end of<br>previous financial year<br>31.12.2020<br>RM'000 |
|--------------------------|--|--|
| Trade receivables        | 29,500   | 31,122   |
| Less : Impairment losses | (934)  | (598)  |
|                          | <u>28,566</u>  | <u>30,524</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<br>current financial quarter<br>30.06.2021<br>RM'000 | At end of<br>previous financial year<br>31.12.2020<br>RM'000 |
|-------------------|--|--|
| Not past due      | 16,822   | 21,664   |
| Past due          |  |  |
| 1 to 30 days      | 7,422  | 6,702  |
| 31 to 60 days     | 2,920  | 1,591  |
| 61 to 90 days     | 1,443  | 896  |
| More than 91 days | 893  | 269  |
|                   | <u>12,678</u>  | <u>9,458</u>   |
|                   | 29,500   | 31,122   |
| Impairment        | (934)  | (598)  |
|                   | <u>28,566</u>  | <u>30,524</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.

**B10. Group Borrowings**

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

|                  | As at 30.06.2021     |                     |                 |
|------------------|----------------------|---------------------|-----------------|
|                  | Short term<br>RM'000 | Long term<br>RM'000 | Total<br>RM'000 |
| <b>Secured</b>   |                      |                     |                 |
| Term loans       | 0                    | 19,971              | 19,971          |
|                  | <u>0</u>             | <u>19,971</u>       | <u>19,971</u>   |
| <b>Unsecured</b> |                      |                     |                 |
|                  | 0                    | 0                   | 0               |
|                  | <u>0</u>             | <u>0</u>            | <u>0</u>        |

**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. 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<br>Current<br>Quarter<br>30.06.21 | 6 Months<br>Cumulative<br>To Date<br>30.06.21 |
|--|--|---|
| Profit for the period attributable to ordinary equity holders of the Company (RM'000)              | <u>4,776</u>                                 | <u>11,144</u>                                 |
| Weighted average number of ordinary shares in issue ('000)   | <u>358,450</u>                               | <u>358,450</u>                                |
| <b>Basic Earnings Per Share based on weighted average number of ordinary shares in issue (sen)</b> | <u><u>1.33</u></u>                           | <u><u>3.11</u></u>                            |

**(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.



NOTES TO THE INTERIM FINANCIAL REPORT

**B14. 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.

**B15. 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 second quarter ended 30 June 2021 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 : 10 September 2021**